Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*This announcement does not constitute or form a part of any offer of securities for sale in the United States. The DN Notes (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdictions of the United States or any other jurisdiction and the securities may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.*

***This announcement and the listing documents referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing documents) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing documents referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:** The Issuer confirms that the DN Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the DN Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR, THE SUPPLEMENTAL OFFERING CIRCULAR AND THE PRICING SUPPLEMENT

The Hongkong and Shanghai Banking Corporation Limited
(registered and incorporated in Hong Kong: Business Registration Number 00173611)
(the "Issuer")

HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025
(Stock Code: 5226)
(the "DN Notes")
issued under the
U.S.$20,000,000,000 Medium Term Note Programme
(the "Programme")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

Please refer to (i) the offering circular dated 15 March 2024 in relation to the Programme (the "**Offering Circular**"), (ii) the supplemental offering circular dated 24 September 2024 in relation to the DN Notes (the "**Supplemental Offering Circular**"), and (iii) the pricing supplement dated 24 September 2024 in relation to the DN Notes (the "**Pricing Supplement**"), each appended hereto (the Offering Circular, the Supplemental Offering Circular and the Pricing Supplement together, the "**Listing Documents**"). As disclosed in the Listing Documents, the DN Notes which have been issued are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Listing Documents do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong, 27 September 2024

As at the date of this announcement, the Board of Directors of the Issuer are Peter Tung Shun Wong#, GBS, JP, David Gordon Eldon#, GBS, CBE, JP, David Yi Chien Liao, JP, Surendranath Ravi Rosha, Paul Jeremy Brough, Judy Lai Kun Chau*, Edward Wai Sun Cheng*, GBS, JP, Sonia Chi Man Cheng*, Yiu Kwan Choi*, Andrea Lisa Della Mattea*, Pam Kaur#, Rajnish Kumar*, Beau Khoon Chen Kuok*, Irene Yun-lien Lee* and Annabelle Yu Long*.*

* *Independent non-executive Director*
\# *Non-executive Director*

CONTENTS

APPENDIX 1 – THE OFFERING CIRCULAR DATED 15 MARCH 2024 IN RELATION TO THE PROGRAMME

APPENDIX 2 – THE SUPPLEMENTAL OFFERING CIRCULAR DATED 24 SEPTEMBER 2024 IN RELATION TO THE DN NOTES

APPENDIX 3 – THE PRICING SUPPLEMENT DATED 24 SEPTEMBER 2024 IN RELATION TO THE DN NOTES

APPENDIX 1 – THE OFFERING CIRCULAR DATED 15 MARCH 2024 IN RELATION TO THE PROGRAMME

IMPORTANT NOTICE
THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW)

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular following this page (the "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of your Representation: You have accessed the Offering Circular on the basis that you have confirmed your representation to The Hongkong and Shanghai Banking Corporation Limited (the "**Bank**", the "**Arranger**" and a "**Dealer**") and any additional Dealer appointed under the Bank's U.S.$20,000,000,000 Medium Term Note Programme from time to time (together with the Arranger, the "**Dealers**") that (1) you and any customers you represent are non-U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) outside the United States and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in the Offering Circular you will be doing so in an offshore transaction outside the United States pursuant to Regulation S under the Securities Act, and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Bank, the Arranger, the Dealers, any of their respective directors, officers, employees, representatives, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTIONS OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Bank of the securities or the Arranger or the Dealers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

(registered and incorporated in Hong Kong: Business Registration Number 00173611)

as Issuer and, in respect of Notes issued by any New Issuer (as defined herein), as Guarantor

U.S.$20,000,000,000
Medium Term Note Programme

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for listing of the U.S.$20,000,000,000 Medium Term Note Programme (the "**Programme**") under which Notes may be issued by way of debt issues to "**Professional Investors**" (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Bank (as defined below) and any New Issuer (as defined below) confirm that the Notes (as defined below) are intended for purchase by Professional Investors only and the Programme and the Notes (to the extent that such Notes are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Bank and any New Issuer confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Bank or any New Issuer, or the Bank Group (as defined below), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investors should be aware that the Notes that may be issued under the Programme could be issued with no specified maturity date, in which case the Issuer is not expected to be under any obligation to redeem such Notes at any time. In addition, payments in respect of certain Notes issued under the Programme may be determined by reference to one or more Reference Asset(s) (such as an index, formula, securities, currency exchange rates, interest rates, or other factors), and such Notes may not pay interest and on redemption may return less than the amount invested or nothing, depending on the performance of the relevant Reference Asset(s). In certain circumstances, certain adjustments may also be made to an index or indices to which some Notes are linked, which may result in a loss to the Noteholders. Investors should also be aware that the Notes may be issued in tokenised and/or digital form and may be created, issued, settled, transferred, and maintained on digital platforms which may or may not utilise the distributed ledger technology. There are various other risks relating to the Notes, the Bank or any New Issuer and the Bank Group, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See the section headed "*Investment Considerations*" beginning on page 7.

This Offering Circular replaces the offering circular dated 15 March 2023.

Programme Arranger and Dealer

The Hongkong and Shanghai Banking Corporation Limited

15 March 2024

Each of The Hongkong and Shanghai Banking Corporation Limited acting through its principal office in Hong Kong or, as the case may be, acting through the branch specified as being the "Specified Branch" in the applicable Pricing Supplement (the "**Bank**") and any New Issuer (as defined below) may from time to time issue notes under the Programme (the "**Notes**") and each of them in such capacity is herein referred to as an "**Issuer**". Notes issued by any New Issuer will be unconditionally and irrevocably guaranteed by the Bank (the "**Guarantee**") which, in such capacity, is herein referred to as the "**Guarantor**".

The Bank may, from time to time, nominate newly incorporated wholly-owned Subsidiaries (as defined in the terms and conditions of the Notes) (the "**Terms and Conditions of the Notes**") of the Bank with no operating history as additional issuers to issue Guaranteed Notes (as defined in the Terms and Conditions of the Notes) pursuant to the Programme (each a "**New Issuer**"). It is intended that such New Issuer shall accede to the terms of the Programme at the time of such issuance by executing a deed of adherence (a "**Deed of Adherence**") and shall become, and be treated as, an "**Issuer**" for the purpose of the Programme.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") for the purpose of giving information with regard to the Bank, any New Issuer and the Bank Group. Each of the Bank and any New Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Circular should be read and construed with any amendment or supplement hereto and with any other documents incorporated by reference and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement(s) (as defined herein).

The Bank has confirmed to the Dealers (as defined under "*Subscription and Sale*") that this Offering Circular is true, accurate and complete in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Offering Circular the omission of which would, in the context of the Programme or the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Bank has further confirmed to the Dealers that this Offering Circular (together with the relevant Pricing Supplement) contains all such information as may be required by all applicable laws, rules and regulations.

No person has been authorised by the Bank to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Bank or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Bank or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility or liability, as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Bank since the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Offering Circular by reference or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Bank and the Dealers (and in the case of any New Issuer, will be required) to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Notes, see "*Subscription and Sale*".

In relation to Notes that will be listed on the Hong Kong Stock Exchange, this Offering Circular may only be distributed to professional investors (as described in this Offering Circular) for that Series of Notes, see "*Subscription and Sale — Hong Kong*".

In particular, the Notes and (in case of any Notes issued by any New Issuer) the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may include Notes in bearer form which are subject to U.S. tax law requirements. The Notes and (in case of any Notes issued by any New Issuer) the Guarantee may not be offered, sold, resold, transferred or delivered directly or indirectly within the United States or to, or for account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act ("**Regulation S**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

Neither this Offering Circular nor any Pricing Supplement may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes in the United States or any other jurisdiction where it is unlawful to do so and should not be considered as a recommendation by the Bank, any New Issuer, the Dealers or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Bank or any New Issuer (as applicable).

MiFID II product governance/target market — The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market — The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by

Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 — In connection with Section 309B of the Securities and Futures Act 2001 (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that (i) Notes which are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products); and (ii) all other Notes are capital markets products other than "prescribed capital markets products" (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") (each, a "Relevant State") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by pricing supplements in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Bank, any New Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Bank, any New Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Offering Circular has been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation") from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of an offering contemplated in the Offering Circular as completed by pricing supplements in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Bank, any New Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Bank, any New Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Offering Circular does not comprise a prospectus or a base prospectus for the purposes of Article 3 of the Prospectus Regulation and Article 3 of the UK Prospectus Regulation. No prospectus is required in accordance with the Prospectus Regulation and the UK Prospectus Regulation in relation to offers of Notes under this Offering Circular.

All references in this Offering Circular, unless otherwise specified or the context requires, to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to "**Macau**" are to the Macau Special Administrative Region of the People's Republic of China, to the "**PRC**" are to The People's Republic of China (which for the purposes of this Offering Circular shall exclude Hong Kong, Macau and Taiwan), to "**HK$**", "**HKD**" and "**Hong Kong dollars**" are to the lawful currency of Hong Kong, to "**Euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended, to "**U.S.$**", "**United States dollars**" and "**U.S. dollars**" are to the lawful currency of the United States, to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of mainland China and to "**£**" and "**Sterling**" are to the lawful currency of the United Kingdom.

All hyperlink references in this Offering Circular to a website or webpage are guidance to sources of other information as is in the public domain only. Except as otherwise provided, the contents of such website or webpage (the "**Contents**") do not form part of this Offering Circular or the Programme. Neither the Bank, any New Issuer, the Dealers nor any of them accept responsibility for any damages or losses incurred or suffered arising out of or in connection with the use of such hyperlink or such Contents. Such Contents have neither been prepared for the Programme nor for incorporation into this Offering Circular. Such hyperlink or Contents may be limited to persons located or residing in only that particular jurisdiction, and may not be intended for persons located or residing in jurisdictions that restrict the distribution of such hyperlink or Contents.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(1) the two most recently published audited annual consolidated financial statements and any interim financial statements (whether audited or unaudited) published subsequent to the last year specified in such annual consolidated financial statements, of the Bank and any New Issuer from time to time (if any); and

(2) all amendments and supplements to this Offering Circular prepared by the Bank and any New Issuer from time to time,

save that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The two most recently published audited annual consolidated financial statements of the Bank and any interim financial statements of the Bank (whether audited or unaudited) published subsequent to the last year specified in such annual consolidated financial statements are available for review at the following hyperlink: https://www.hsbc.com.hk/legal/regulatory-disclosures/.

SUPPLEMENTARY LISTING DOCUMENTS

If at any time any Issuer shall be required to prepare supplementary listing documents pursuant to the Hong Kong Listing Rules, the Bank and any New Issuer (as applicable) will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the Hong Kong Stock Exchange, shall constitute supplementary listing documents under the Hong Kong Listing Rules.

CONTENTS

Page

SUMMARY OF THE PROGRAMME 1

INVESTMENT CONSIDERATIONS 7

FORM OF THE NOTES 74

TERMS AND CONDITIONS OF THE NOTES 78

USE OF PROCEEDS 163

CAPITALISATION 164

THE BANK GROUP 165

TAXATION 168

PRO FORMA PRICING SUPPLEMENT 177

SUBSCRIPTION AND SALE 202

GENERAL INFORMATION 208

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE (AS DEFINED HEREIN) OF NOTES UNDER THE PROGRAMME, THE DEALER (IF ANY) WHO IS SPECIFIED IN THE RELEVANT PRICING SUPPLEMENT AS THE STABILISATION INSTITUTION (OR ANY PERSON ACTING FOR THE STABILISATION INSTITUTION) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILISATION INSTITUTION (OR PERSONS ACTING ON BEHALF OF A STABILISATION INSTITUTION) TO DO THIS. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION INSTITUTION (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION INSTITUTION) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

SUMMARY OF THE PROGRAMME

The following is a brief summary only and should be read in conjunction with the rest of this document and, in relation to any Notes, in conjunction with the relevant Pricing Supplement and, to the extent applicable, the Terms and Conditions of the Notes set out herein. Words and expressions defined in the "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuer	The Hongkong and Shanghai Banking Corporation Limited acting through its principal office in Hong Kong or, as the case may be, acting through the branch specified as being the Specified Branch in the applicable Pricing Supplement.
Accession of New Issuers	The Bank may nominate any newly incorporated wholly-owned Subsidiary of the Bank with no prior operating history to accede to the Programme. In such circumstances the relevant Subsidiary Issuer will agree to be bound by all the terms of the Programme, and thereby become a New Issuer thereunder. The accession of such New Issuer will be effective upon (i) the execution by the New Issuer of a Deed of Adherence substantially in the form scheduled to the amended and restated issuing and paying agency agreement dated 15 March 2024 (as amended, supplemented or replaced from time to time) (the "**Issuing and Paying Agency Agreement**") and (ii) the passing of a resolution of the board of directors of the Bank approving the accession to the Programme by the New Issuer and the giving of a guarantee in respect of the Notes to be issued by the New Issuer. Upon accession to the Programme by the New Issuer, the New Issuer will execute a deed of covenant relating to direct enforcement rights for accountholders in clearing systems (the "**New Deed of Covenant**") and the Bank will execute a deed of guarantee to guarantee the payment of all sums expressed to be payable from time to time by the New Issuer in respect of Notes issued under the Programme (the "**Deed of Guarantee**"). It is intended that from and after the execution and delivery of such Deed of Adherence, New Deed of Covenant and Deed of Guarantee such New Issuer shall become and be treated as an "Issuer" for the purpose of the Programme.
Guarantor	The Hongkong and Shanghai Banking Corporation Limited (other than in respect of Notes issued by itself).
Arranger	The Hongkong and Shanghai Banking Corporation Limited.
Dealers	The Arranger and any other dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche (as defined below) of Notes.
Issuing and Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Initial Programme Amount	U.S.$20,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes using the spot rate of exchange for the purchase of such currency against payment of U.S. dollars being quoted by the Issuing and Paying Agent on the date of such agreement or such other rate as the relevant Issuer and the relevant Dealer(s) may agree) in aggregate principal amount of Notes outstanding at any one time. The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under "*Subscription and Sale*".

Investment Considerations	There are certain factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Investment Considerations*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Investment Considerations*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Issuance in Series	Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that (i) the issue date and the amount of the first payment of interest may be different in respect of different Tranches and (ii) a Series may comprise Notes in bearer form, Notes in registered form and Notes in tokenised and/or digital form and Notes in more than one denomination. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes in bearer form, Notes in registered form and Notes in tokenised and/or digital form and may comprise Notes of different denominations.
Form of Notes	Notes may be issued in bearer form, in registered form or in tokenised and/or digital form as described in "*Form of the Notes*". In respect of each Tranche of Notes issued in bearer form, the relevant Issuer will deliver a temporary global Note (each, a "**Temporary Bearer Global Note**") or (if so specified in the relevant Pricing Supplement in respect of Notes to which U.S. Treasury Regulation section 1.163-5(c)(2)(i)(C) or any successor rules substantially in the same form that are applicable for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**TEFRA C Rules**") applies or to which TEFRA is not applicable (as so specified in such Pricing Supplement)) a permanent global Note (each, a "**Permanent Bearer Global Note**" and together with a Temporary Global Note, each a "**Bearer Global Note**"). Such Bearer Global Notes will be either (i) deposited on or before the relevant issue date thereof with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date thereof with a sub-custodian in Hong Kong for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**"). On and after the date (the "**Exchange Date**") which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, such Temporary Bearer Global Note will be exchangeable for a Permanent Bearer Global Note or, if so specified in the relevant Pricing Supplement, for Notes in definitive bearer form and/or (in the case of a Series comprising both bearer and registered Notes and if so specified in the relevant Pricing Supplement) registered form in accordance with its terms. Each Permanent Bearer Global Note will be exchangeable for Notes in definitive bearer form and/or (in the case of a Series comprising both bearer and registered Notes and if so specified in the relevant Pricing Supplement) registered form in accordance with its terms. Notes in definitive bearer form will, if interest-bearing, have interest coupons ("**Coupons**") attached and, if appropriate, a talon ("**Talon**") for further Coupons. Notes in registered form may not be exchanged for Notes in bearer form. Registered Global Notes will either be (x) deposited with a depositary or a common depositary for, and registered in the name of a common nominee of, Euroclear and/or Clearstream, Luxembourg or (y) deposited with a sub-custodian for the CMU.

	Notes issued in tokenised and/or digital form ("**Tokenised Notes**") may be represented in a form other than the Temporary Global Note, Permanent Global Note, Definitive Note, Global Registered Note Certificate and Individual Registered Note Certificate. Such Tokenised Notes may be created, issued, settled, transferred, and maintained on digital platforms which may or may not utilise the distributed ledger technology ("**DLT**"), and may not be cleared through any existing central securities depository systems such as Euroclear, Clearstream, Luxembourg or the CMU. Tokenised Notes that are not treated as in "registered form" for U.S. federal income tax purposes will be sold in compliance with the TEFRA C Rules or TEFRA D Rules. Further information in relation to the Tokenised Notes will be set out in the relevant Pricing Supplement or supplemental offering circular, as the case may be.
Currencies	Notes may be denominated in any currency or currencies (including, without limitation, Australian Dollars ("**AUD**"), Canadian Dollars ("**CAD**"), euro ("**EUR**"), Hong Kong dollars ("**HK$**"), Indonesian Rupiah ("**IDR**"), "Japanese Yen ("**JPY**"), Malaysian Ringgit ("**MYR**"), New Zealand Dollars ("**NZD**"), Sterling ("**GBP**"), Renminbi ("**RMB**" or "**CNY**"), Singapore Dollars ("**SGD**"), Thai Baht ("**THB**") and United States dollars ("**U.S.$**")) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. The proceeds of each issue of Notes by any New Issuer must either be received by the Issuer from an authorized institution (as defined in the Banking Ordinance (Cap. 155) of Hong Kong) or a bank incorporated outside Hong Kong which is not an authorized institution (as so defined) or otherwise in compliance with the Banking Ordinance (Cap. 155) of Hong Kong.
Status of Notes issued by the Bank	The Notes issued by the Bank will constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank *pari passu* without any preference amongst themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank other than any such obligations as are preferred by law, all as further described in Condition 3.1.
Status of Guaranteed Notes issued by any New Issuer	The Guaranteed Notes issued by any New Issuer will constitute direct, unconditional, unsubordinated and unsecured obligations of such New Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of such New Issuer other than such obligations as are preferred by law, all as further described in Condition 3.2. The Guaranteed Notes will be guaranteed as to payment of principal and interest by the Bank upon the terms of the Guarantee. Claims in respect of the Guarantee will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank other than any such obligations as are preferred by law, all as further described in Condition 3.2.
Issue Price	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

Maturities	Notes may be issued with any maturity or with no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Any Notes in respect of which the issue proceeds are received by any New Issuer (if such New Issuer is not an authorised person permitted to accept deposits under the Financial Services and Markets Act 2000 (the "**FSMA**") or is exempt under the FSMA) in the United Kingdom and which must be redeemed before the first anniversary of their date of issue must (a) (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and the Notes may not be transferred unless the redemption value of each Note is not less than £100,000 (or such an equivalent amount), and (ii) be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of Section 19 of the FSMA by such New Issuer.
Redemption	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the relevant Pricing Supplement.
Early Redemption	Early redemption will be permitted for taxation reasons as mentioned in "*Terms and Conditions of the Notes — Early Redemption for Taxation Reasons*", but will otherwise be permitted only to the extent specified in the relevant Pricing Supplement. Early redemption in any circumstances will only be permitted subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.
Fixed Rate Notes	Payments of interest in respect of Fixed Rate Notes will be made in arrear on such date or dates in each year as may be set out in the relevant Pricing Supplement and will be calculated in the manner as set out in the relevant Pricing Supplement.
Floating Rate Notes	Payment of interest in respect of Floating Rate Notes will be made in arrear on the Interest Payment Dates specified in the relevant Pricing Supplement and will be calculated in the manner as set out in the relevant Pricing Supplement. Floating Rate Notes may, if so specified in the relevant Pricing Supplement, bear interest at a minimum rate and/or a maximum rate.
Variable Coupon Amount Notes	Payment of interest in respect of Variable Coupon Amount Notes will be calculated by reference to a stock or commodity index, a currency exchange rate or any other index or formula or as otherwise set out in the relevant Pricing Supplement.

Partly Paid Notes	Partly Paid Notes may be offered and sold with its issue price paid in separate instalments in such amounts and on such dates as the relevant Issuer and the relevant Dealer may agree.
Zero Coupon Notes	Zero Coupon Notes may be offered and sold at a discount to their principal amount and will not bear interest.
Index-Linked Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index-Linked Notes will be calculated by reference to such stock or commodity or other index, currency exchange rate or formula as determined by the Issuer and as set out in the relevant Pricing Supplement.
Equity-Linked Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Equity-Linked Notes will be calculated by reference to the value of a Security or Securities and/or a formula will be payable or a Securities Transfer Amount will be deliverable, as set out in the relevant Pricing Supplement. "**Securities**" means the equity securities, Government Bonds (as defined in the Terms and Conditions of the Notes), debt securities or other securities, Units of a Fund (each as defined in the Terms and Conditions of the Notes), depositary receipts or property, as adjusted pursuant to Condition 9, to which the relevant Note relates, as specified in the relevant Pricing Supplement, and "**Security**" shall be construed accordingly.
Fund-Linked Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Fund-Linked Notes will be calculated by reference to such Reference Fund (as defined in the Terms and Conditions of the Notes) and/or a formula, pursuant to Condition 9A, and as set out in the relevant Pricing Supplement.
Other Notes	Terms applicable to any other type of Note which the Issuer may issue under the Programme will be set out in the relevant Pricing Supplement. The term "**Note**" when used herein includes debt instruments, by whatever name called, issued by the Issuer under the Programme.
Denominations and Nominal Amount	Notes will be issued in (i) (in the case of Notes issued as Units) such nominal amounts or (ii) (in the case of Notes not issued as Units) such denominations, in each case as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Taxation	Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or (in the case of Notes issued by a New Issuer) the jurisdiction of incorporation of the New Issuer or (in any case) any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the relevant Issuer or, as the case may be, the Guarantor will (subject to customary exceptions) pay such additional amounts as will result in the holders of Notes or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

	Without prejudice to the relevant Issuer's or, as the case may be, the Guarantor's obligation to pay additional amounts as described above, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 8.3.
Governing Law	Unless otherwise specified in the Pricing Supplement, the Notes and (in the case of any Notes issued by any New Issuer) the Guarantee will be governed by, and shall be construed in accordance with, English law.
Legal Entity Identifier ("**LEI**")	2HI3YI5320L3RW6NJ957.
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange under which Notes may be issued by way of debt issues to Professional Investors only. Separate application may be made for the listing of Notes on the Hong Kong Stock Exchange. Each Series may be listed on the Hong Kong Stock Exchange and/or any other stock exchange as may be agreed between the relevant Issuer and the relevant Dealer(s) and specified in the relevant Pricing Supplement or may be unlisted **provided that** any listed Notes issued by a New Issuer will be subject to agreeing satisfactory listing arrangements with the Hong Kong Stock Exchange at such time. Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies).
Terms and Conditions	A Pricing Supplement will be prepared in respect of each Tranche of Notes a copy of which will, in the case of Notes to be listed on the Hong Kong Stock Exchange, be delivered to the Hong Kong Stock Exchange on or before the date of issue of such Notes. The terms and conditions applicable to each Tranche will be those set out herein under "*Terms and Conditions of the Notes*" as supplemented, modified or replaced by the relevant Pricing Supplement.
Enforcement of Notes in Global Form	In the case of Notes in global form (other than Notes issued by a New Issuer), individual investors' rights will be governed by a Deed of Covenant (as amended, supplemented or replaced from time to time) dated 13 March 2019, a copy of which will be available for inspection at the specified office of the Issuing and Paying Agent. In the case of Notes issued by a New Issuer, individual investors' rights will be governed by a New Deed of Covenant, a copy of which will be available for inspection at the specified office of the Issuing and Paying Agent.
Clearing Systems	The CMU, Euroclear, Clearstream, Luxembourg and/or any other clearing system, as specified in the relevant Pricing Supplement.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom, Hong Kong, Taiwan, Japan, Singapore, mainland China, Thailand and Australia, see "*Subscription and Sale*".

INVESTMENT CONSIDERATIONS

*Prospective investors should carefully take into account the considerations described below, in addition to the other information contained herein, before investing in the Notes issued under the Programme. Additional considerations and uncertainties not presently known to the Bank, or which the Bank currently deems immaterial, may also have an adverse effect on an investment in the Notes issued under the Programme. The occurrence of one or more events described below could have an adverse effect on the business, financial condition or results of operations of the Bank and its subsidiaries (the "**Bank Group**").*

1. Considerations relating to the Bank Group

Macroeconomic and geopolitical risk

Current economic and market conditions may materially adversely affect the Bank Group's results

The Bank Group's earnings are affected by global and local economic and market conditions.

Uncertain economic conditions and volatile markets can create a challenging operating environment for financial services companies such as the Bank Group. In particular, the Bank Group have faced and may continue to face the following challenges to its operations and operating model:

- Economic uncertainty: Current economic forecasts suggest growth will be weaker in 2024, relative to 2023. Consumer and business confidence remains low and major economies continue to face the risk of a more severe downturn, or recession. Interest rates are forecast to fall throughout 2024, but forecasts still assume that they remain materially higher than in recent years. Economic weaknesses and higher interest rates could (among other things) cause asset prices and payment patterns to be adversely affected, leading to greater than expected increases in delinquencies, default rates and expected credit losses ("**ECL**") and other credit impairment charges;

- Mainland China commercial real estate: Mainland China commercial real estate conditions remain distressed as offshore financing conditions and buyer demand remain subdued. Signs of a material or sustained recovery are yet to emerge, with market data still reflecting reduced investment and weak sentiment. The government of the PRC (the "**PRC Government**") is expected to expand fiscal and monetary support to the economy to boost growth and lending in 2024, including specific measures to support developers and stimulate housing demand. However, the risk of a slow and protracted recovery remains significant. The business and financial performance of corporates operating in this market has been weak, and refinancing risks are likely to continue in 2024. State-owned enterprises continue to outperform privately-owned enterprises in general, with above market average sales performance, market share gains and greater access to funding. The challenges in this sector could create further pressure on the Bank Group's customers;

- Geopolitical risks: Geopolitical risks remain elevated. Economic forecasts are assumed to reflect the impact from the Russia-Ukraine and Israel-Hamas wars, but there is significant uncertainty around the duration and possible escalation of these wars. Additionally, recent attacks on shipping in the Red Sea and the resulting countermeasures taken have begun to disrupt supply chains. The escalation or a broadening of the Russia-Ukraine war, or the Israel-Hamas war could aggravate supply chain disruptions and drive inflation higher and may pose challenges for the Bank Group's customers and the Bank Group's business (see "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*" for further discussion);

- Credit demand: The demand for borrowing from creditworthy customers may diminish during periods of recession or where economic activity slows or remains subdued;

- Market conditions: The Bank Group's ability to borrow from other financial institutions or to engage in funding transactions may be adversely affected by market disruption; and

- Other economic factors: High inflation, higher interest rates and the impact of geopolitical risks have significantly changed the operating environment for many companies and sectors. While impairment estimates attempt to capture the effects of these in the aggregate, credit losses on specific exposures, with specific idiosyncratic features may not be fully captured in ECL estimates.

The occurrence of any of these events or circumstances could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and customers.

The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results

Significant geopolitical developments, such as the Russia-Ukraine and Israel-Hamas wars, continue to affect the global economy and have the potential to further influence the global macroeconomic outlook.

Global commodity markets were impacted by heightened geopolitical risks in 2023 — including the Russia-Ukraine and Israel-Hamas wars — which sustained concerns about supply chain disruptions.

A fall in global energy and food prices from the highs of 2022 facilitated a process of disinflation across key economies during 2023. Following the reduction in global inflation rates, central banks in most developed markets are expected to have concluded monetary policy tightening in the second half of 2023.

Disinflationary trends are now visible across most major economies. Markets expect a reduction in monetary policy rates over the next year if conditions in labour markets ease further and inflation returns closer to central banks' target rates. However, the possibility of further supply shocks led by geopolitical risks could cause an increase in prices of commodities and manufactured goods and lead to inflation effects on wages. Higher inflation could prompt central banks to raise interest rates further.

The effects of higher inflation and significant increases in interest rates in many countries may also have material impacts on capital and liquidity. In particular, the pressure of sustained higher inflation and higher interest rate rises may affect the credit rating of the Bank Group's customers and their ability to repay debt. In turn, this could negatively impact the Bank Group's risk-weighted assets ("**RWAs**") and capital position, increase ECL and lead to potential liquidity stress due to, among other factors, increased customer drawdowns. There could be further adverse impacts on the Bank Group's income due to lower lending volumes and lower wealth and insurance revenue, due to market volatility.

The Bank Group's Central scenario, which has the highest probability weighting in the Bank Group's HKFRS 9 'Financial Instruments' ("**HKFRS 9**") calculations of ECL, assumes that GDP growth in many of the Bank Group's main markets will slow down in 2024 followed by a moderate recovery in 2025. It is anticipated that inflation will converge towards central banks' target rates by early 2025. Similarly, interest rates are expected to decline but remain materially higher than in recent years. However, forecasts remain uncertain, and changing economic conditions and the materialisation of key risks could reduce the accuracy of the Central scenario forecast. In particular, forecasts in recent years have been sensitive to commodity price changes, changing supply chain conditions, monetary policy adjustments and inflation expectations. Uncertainty remains with respect to the relationship between the economic factors and the historical loss experience, which has required adjustments to modelled ECLs in cases where the Bank Group determined that the model was unable to capture the material underlying risks.

There could also be adverse impacts on other assets, goodwill and other intangible assets.

Fiscal deficits are expected to remain large in both developed and emerging markets as public spending on items including social welfare, defence and climate transition initiatives is expected to remain high. In many countries, the fiscal response to the COVID-19 pandemic has also left a very high public debt burden. Against a backdrop of slower economic growth and high interest rates, a rise in borrowing costs could increase the financial strains on highly indebted sovereigns.

While the average maturity of sovereign debt in developed markets has lengthened, higher borrowing costs than in recent years could reduce the affordability of debt and may in some countries eventually bring its sustainability into question. Among emerging markets and some developed markets, those that need to refinance maturing U.S. dollar-denominated debt, in the context of a historically strong U.S. dollar, may face increasing difficulties. Where the Bank Group has exposures to such sovereigns and/or related parties, it could incur losses.

Political changes may also have implications for policy. Many countries are expected to hold elections in 2024. This may result in continuity in some markets, but significant political and policy change in others. Political change could bring uncertainty to the political and legal frameworks in markets where the Bank Group operates.

The Bank Group's financial models have been impacted by the effects of higher inflation and significant increases in interest rates in many countries. These include retail and wholesale credit models such as HKFRS loss models, as well as capital models, traded risk models and models used in the asset/liability management process. This continues to require enhanced monitoring of model outputs and the use of model overlays, including management judgemental adjustments based on the expert judgement of senior credit risk managers and the recalibration of key loss models to take into account the impacts of higher rates on critical model inputs. See "*The Bank Group could incur losses or be required to hold additional capital as a result of model limitations or failure*".

The Russia-Ukraine war has continued to elevate geopolitical instability which could have significant ramifications for the Bank Group and its customers. See also "*The Bank Group is subject to political, social and other risks in the countries and territories in which it operates and globally*". The Bank Group continues to monitor and respond to economic sanctions and trade restrictions that have been adopted in response. These sanctions and trade restrictions are complex, novel and evolving. In particular, the United States (the "**U.S.**"), the UK and the European Union (the "**EU**"), as well as other countries have imposed significant sanctions and trade restrictions against Russia. Such sanctions and restrictions target certain Russian government officials, politically exposed persons, business people, Russian oil imports, energy products, financial institutions and other major Russian companies and sanctions evasion networks. These countries have also enacted more generally applicable investment, export, and import bans and restrictions. In December 2023, the U.S. established a new secondary sanctions regime, providing itself broad discretion to impose severe sanctions on non-U.S. banks that are knowingly or even unknowingly engaged in certain transactions or services involving Russia's military-industrial base. This creates challenges associated with the detection or prevention of third-party activities beyond the Bank Group's control. The imposition of such sanctions against any non-U.S. HSBC entity could result in significant adverse commercial, operational, and reputational consequences for the Bank Group, including the restriction or termination of the non-U.S. HSBC entity's ability to access the U.S. financial system and the freezing of the entity's assets that are subject to U.S. jurisdiction. In response to such sanctions and trade restrictions, as well as asset flight, Russia has implemented certain countermeasures, including the expropriation of foreign assets. These sanctions and restrictions may affect the Bank Group, its customers and the markets in which the Bank Group operates by creating regulatory, reputational and market risks.

Significant uncertainties remain in assessing the duration and impact of the Russia-Ukraine and Israel-Hamas wars. There is a risk that the resulting impact on economic activity may last for a prolonged period and this could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings.

The Bank Group is subject to political, social and other risks in the countries and territories in which it operates and globally

The Bank Group operates through an international network of subsidiaries, branches and affiliates across countries and territories around the world. The Bank Group's operations are subject to potentially unfavourable political, social, environmental and economic developments in such jurisdictions, which may include:

- coups, armed conflicts or acts of terrorism;
- political and/or social instability;
- geopolitical tensions;
- epidemics and pandemics (such as the COVID-19);
- climate change, acts of God and natural disasters (such as floods and hurricanes); and
- infrastructure issues, such as transportation and power failures.

Each of the above could impact credit RWAs, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers. These risk events or developments may also give rise to disruption to the Bank Group's services and some may result in physical damage to the Bank Group's operations and/or risks to the safety of the Bank Group's personnel and customers. Geopolitical tensions could have significant ramifications for the Bank Group and its customers. In particular:

- Uncertainty about the scope, duration and potential for further escalation of the Israel and Hamas war presents global economic and political implications. For further details, see "*Current economic and market conditions may materially adversely affect the Bank Group's results*" and "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*";

- The Russia-Ukraine war along with related financial sanctions, trade restrictions and Russian countermeasures, has had global economic and political implications. For further details, see "*Current economic and market conditions may adversely affect the Bank Group's results*" and "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*";

- Global tensions over trade, technology and ideology are manifesting themselves in divergent regulatory standards and compliance regimes, presenting long-term strategic challenges for multinational businesses;

- Diplomatic tensions between the PRC and the U.S., which may extend to and involve the UK, the EU, India and other countries, and developments in Hong Kong, Taiwan, and the surrounding maritime region may affect the Bank Group, creating regulatory, reputational and market risks;

- To date, the U.S., the UK, the EU and other countries have imposed various sanctions and trade restrictions on Chinese persons and companies, and the countries' respective approaches to strategic competition with the PRC continue to develop;

- Although sanctions and trade restrictions are difficult to predict, increases in diplomatic tensions between the PRC and the U.S. and other countries could result in further sanctions and trade restrictions that could negatively impact the Bank Group, its customers and the markets in which the Bank Group operates. For example, there is a continued risk of additional sanctions and trade restrictions being imposed by the U.S. and other governments in relation to human rights, technology and other issues with the PRC, and this could create a more complex operating environment for the Bank Group and its customers;

- The PRC, in turn, imposed a number of its own sanctions and trade restrictions that target, or provide authority to target, foreign individuals or companies as well as certain goods such as rare earth minerals and metals, and technology and services. These, as well as certain law enforcement measures, have been imposed mainly against certain countries, Western consulting and data intelligence firms, defence companies and public officials associated with the implementation of foreign sanctions against the PRC; and

- Further sanctions, counter sanctions and trade restrictions may adversely affect the Bank Group, its customers and the markets in which the Bank Group operates by creating regulatory, reputational and market risks.

As the geopolitical landscape evolves, the compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional compliance, reputational and political risks for the Bank Group.

While it is the Bank Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical risks and tensions, and potential ambiguities in the Bank Group's compliance obligations, will continue to present challenges and risks for the Bank Group and could have a material adverse impact on the Bank Group's business, financial condition, results of operations, prospects, strategy and reputation, as well as on the Bank Group's customers.

The Bank Group is likely to be affected by global geopolitical trends, including the risk of government intervention

While economic globalisation appears to remain deeply embedded in the international system, it is increasingly challenged by nationalism and protectionism. Consequently, international institutions may be less capable of adapting to this trend. A dispersion of global economic power from the U.S. and the EU towards the PRC and emerging markets appears to be occurring, providing a backdrop for greater U.S.-PRC competition.

A rise in nationalism and protectionism, including trade barriers, may be driven by populist sentiment and structural challenges facing developed and developing economies. Similarly, if capital flows are disrupted, some emerging markets may impose protectionist measures that could affect financial institutions and their clients, and other emerging, as well as developed, markets, may be tempted to follow suit. This rise could contribute to weaker global trade, potentially affecting the Bank Group's business.

The broad geographic footprint and coverage of the Bank Group will make it and its customers susceptible to protectionist measures taken by national governments and authorities, including imposition of trade tariffs, restrictions on market access, restrictions on the ability to transact on a cross-border basis, expropriation, restrictions on international ownership, interest rate caps, limits on dividend flows and increases in taxation.

There may be uncertainty as to the conflicting nature of such measures, their duration, the potential for escalation, and their potential impact on global economies. Whether these emerging trends are cyclical or permanent is hard to determine, and their causes are likely to be difficult to address. The occurrence of any of these events or circumstances could have a material adverse effect on the Bank Group's business, financial condition, results of operations and prospects.

The Bank Group is subject to financial and non-financial risks associated with Environmental, Social and Governance ("ESG") related matters, such as climate change, nature-related and human rights issues

ESG related matters such as climate change, society's impact on nature and human rights issues bring risks to the Bank Group's business, its customers and wider society. If the Bank Group fails to meet evolving regulatory expectations or requirements relating to these matters, this could have regulatory compliance and reputational impacts.

Climate change could have both financial and non-financial impacts on the Bank Group either directly or indirectly through its customers. Transition risk can arise from the move to a low-carbon economy, such as through policy, regulatory and technological changes. Physical risk can arise through increasing severity and/or frequency of severe weather events or other climatic events, such as rising sea levels and flooding, and chronic shifts in weather patterns, which could affect the Bank Group's ability to conduct its day-to-day operations.

The Bank Group currently expects that the following are the most likely ways in which climate risk may materialise for the Bank Group:

- credit risk for the Bank Group's corporate customers may increase if climate-related regulatory, legislative or technological developments impact customers' business models or if extreme weather events disrupt customers' operations, resulting in financial difficulty for customers and/or stranded assets. The Bank Group's customers may find that their business models fail to align to a net zero economy or face disruption to their operations or deterioration to their assets as a result of extreme weather;

- trading losses if climate change results in changes to macroeconomic and financial variables which negatively impact the Bank Group's trading book exposures;

- residential real estate may be affected by changes to the climate, the increase in the frequency and severity of and extreme weather events and chronic shifts in weather patterns, which could impact both property values and the ability of borrowers to afford their mortgage payments;

- the Bank Group's operations may see an increase in operational risk if extreme weather events impact its critical operations and premises;

- regulatory compliance risk may result from the increasing pace, breadth and depth of climate-related regulatory expectations, including on the management of climate risk, and variations in climate-related reporting standards, requiring implementation in short timeframes across multiple jurisdictions;

- conduct risks could develop in association with the increasing demand for "green" products where there are differing and developing standards or taxonomies; and

- reputational risks may result from the Bank Group's decisions on how it supports its customers in high-emitting sectors in their transition to net zero, and if the Bank Group makes insufficient progress in achieving the Bank Group's climate-related ambitions, targets and commitments.

The Bank Group also faces increased reputational, legal and regulatory risks as it makes progress towards the Bank Group's net zero ambition and other ESG-related ambitions, targets and commitments, with stakeholders likely to place greater focus on its actions, such as the development of climate and broader ESG-related policies, its disclosures and financing and investment decisions relating to its net zero ambition and other ESG-related ambitions, targets and commitments. The Bank Group will face additional risks if it knowingly or unknowingly makes inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to its stakeholders.

Climate risk may also have an impact on model risk, as the uncertain and evolving impacts of climate change as well as data and methodology limitations present challenges to creating reliable and accurate model outputs.

The Bank Group may be exposed to climate and broader ESG-related litigation and regulatory enforcement risks, either directly if stakeholders think that it is not adequately managing climate and broader ESG risks or indirectly if its clients and customers are themselves the subject of litigation, potentially resulting in the revaluation of client assets.

Requirements, policy objectives, expectations or views may vary by jurisdiction and stakeholder in relation to ESG related matters. The Bank Group may be subject to potentially conflicting approaches to ESG matters in certain jurisdictions, which may impact its ability to conduct certain business within those jurisdictions or result in additional regulatory compliance, reputational, political or litigation risks. These risks may also arise from divergence in the implementation of ESG, climate policy and financial regulation in the many regions in which the Bank Group operates, including initiatives to apply and enforce policy and regulation with extraterritorial effect.

In addition, there is increasing evidence that a number of nature- related risks beyond climate change — which include risks that can be represented more broadly by economic dependency on nature — can and will have significant economic impact. These risks arise when the provision of ecosystem services such as water availability, air quality, and soil quality is compromised by overpopulation, urban development, natural habitat and ecosystem loss, and other environmental stresses beyond climate change. They can manifest themselves in a variety of ways, including through macroeconomic, market, credit, reputational, legal and regulatory risks, for both the Bank Group and its customers.

The human rights issues, which are the human rights at risk of the most severe negative impact through the Bank Group's business activities and relationships include the right to decent work, including freedom from slavery and forced labour and the right to equality and freedom from discrimination, amongst others. The Bank Group's analysis focused on the risk to people, while recognising that where this risk at its highest, it often converges with material risk to its business, specifically, in the Bank Group's role as employer, buyer, investor, and provider of products and services to personal and business clients. Failure to manage these risks may negatively impact people and communities, which in turn may have reputational, legal, regulatory and financial consequences for the Bank Group.

In respect of all ESG-related risks, the Bank Group also needs to ensure that its strategy and business model, including the products and services it provides to customers and risk management processes (including processes to measure and manage the various financial and non-financial risks the Bank Group faces as a result of ESG related matters), adapt to meet regulatory requirements and stakeholder and market expectations, which continue to evolve significantly and at pace. Achieving the Bank Group's strategy with respect to ESG matters, including any ESG-related ambitions, commitments and targets it may set, will depend on a number of different factors outside of the Bank Group's control, such as advancements in technologies and supportive public policies in the markets where the Bank Group operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the Bank Group may fail to achieve its ESG related ambitions, commitments and targets.

In order to track and report on the Bank Group's progress against its ESG-related ambitions, targets and commitments, it relies on internal and, where appropriate and available, external data sources, guided by certain industry standards and the Bank Group's own ability to collect and process such data. While ESG-related reporting has improved over time, data remains of limited quality and consistency exposing the Bank Group to the risk of using incomplete and inaccurate data and models which could result in sub-optimal decision making. Methodologies, data, scenarios and industry standards that the Bank Group has used may develop over time in line with market practice, regulation and developments in science, where applicable. Any such developments in methodologies and scenarios, and changes in the availability, accuracy and verifiability of data over time and the Bank Group's ability to collect and process such data, exposes the Bank Group to financial reporting risk in relation to the Bank Group's climate-related and broader ESG disclosures and could result in revisions to the Bank Group's internal measurement frameworks as well as reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on-year. This could also result in the Bank Group having to re-evaluate its progress towards its ESG-related ambitions, commitments and targets in the future and this could result in reputational, legal and regulatory risks.

If any of the above risks materialise, this could have financial and non-financial impacts for the Bank Group, which could, in turn, have a material adverse effect on its business, financial condition, results of operations, reputation, prospects and strategy.

The Bank Group operates in markets that are highly competitive

The Bank Group competes with other financial institutions in a highly competitive industry that continues to undergo significant change as a result of financial regulatory reform, including Open Banking in Hong Kong, as well as increased public scrutiny stemming from a continued challenging macro-economic environment.

The Bank Group targets internationally mobile clients who need sophisticated global financial solutions and generally competes on the basis of the quality of its customer service, the wide variety of products and services that the Bank Group can offer its customers, the ability of those products and services to satisfy its customers' needs, the extensive distribution channels available for its customers, its innovation and its reputation. Continued and increased competition in any one or all of these areas may negatively affect the Bank Group's market share and/or cause the Bank Group to increase its capital investment in its businesses in order to remain competitive. Additionally, the Bank Group's products and services may not be accepted by its targeted clients. In many markets, there is increased competitive pressure to provide products and services at current or lower prices.

Consequently, the Bank Group's ability to reposition or re-price its products and services from time to time may be limited, and could be influenced significantly by the actions of its competitors who may or may not charge similar fees for their products and services. Any changes in the types of products and services that the Bank Group offers its customers and/or the pricing for those products and services could result in a loss of customers and market share.

Developments in technology and changes to regulations are enabling new entrants to the industry. This challenges the Bank Group to continue innovating and taking advantage of new digital capabilities so that the Bank Group improves how it serves its customers, drive efficiency and adapt its products to attract and retain customers. As a result, the Bank Group may need to increase its investment in its business to adapt or develop new products and services to respond to the Bank Group's customers' evolving needs. The Bank Group also needs to ensure that new digital capabilities do not weaken its resilience. If the Bank Group fails to develop and adapt its products and services to take advantage of new digital capabilities this could have an adverse impact on its business.

The digitisation of financial services continues to have an impact on the payment services ecosystem, including new market entrants and payment mechanisms, not all of which are subject to the same level of regulatory scrutiny or regulations as financial institutions. This presents ongoing challenges in terms of maintaining required levels of payment transparency, notably where financial institutions serve as intermediaries. Developments around digital assets and currencies have continued at pace, with an increasing regulatory and enforcement focus.

Any of these factors could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

Market fluctuations may reduce the Bank Group's income or the value of its portfolios

The Bank Group's businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices, and the risk that the Bank Group's customers act in a manner inconsistent with its business, pricing and hedging assumptions.

Market pricing can be volatile and ongoing market movements could significantly affect the Bank Group in a number of key areas. For example, banking and trading activities are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. Changes in interest rate levels, interbank spreads over official rates and yield curves affect the interest rate spread realised between lending and borrowing costs. The potential for future volatility and margin changes remains. See "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*" above regarding the impact of these on the interest rate environment.

Competitive pressures on fixed rates or product terms in existing customer products sometimes restrict the Bank Group's ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The Bank Group's insurance businesses are exposed to the risk that market fluctuations may cause mismatches to occur between product liabilities and the investment assets that back them. Market risks can affect the Bank Group's insurance products in a number of ways depending upon the product and the associated contract. For example, mismatches between assets and liability yields and maturities give rise to interest rate risk. Some of these risks are borne directly by the customer and some are borne by the insurance businesses, with their excess capital invested in the markets. Some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance businesses could bear some of the cost of such guarantees and options. The performance of the investment markets could thus have a direct effect upon the value embedded in the insurance and investment contracts and the Bank Group's operating results, financial condition and prospects.

It is difficult to predict with any degree of accuracy changes in market conditions, and such changes could have a material adverse effect on the Bank Group's business, financial condition, results of operations, capital position and prospects.

Liquidity, or ready access to funds, is essential to the Bank Group's businesses

The Bank Group's ability to borrow on a secured or unsecured basis, and the cost of doing so, can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the Bank Group or the banking sector, including the Bank Group's perceived or actual creditworthiness.

Current accounts and savings deposits payable on demand or at short notice form part of the Bank Group's funding, and the Bank Group places considerable importance on maintaining their stability. For deposits, stability depends upon preserving investor confidence in the Bank Group's capital strength and liquidity, and on comparable and transparent pricing.

The Bank Group also accesses wholesale markets in order to provide funding for entities that do not accept deposits, to align asset and liability maturities and currencies, and to maintain a presence in local markets. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a material adverse effect on the Bank Group's liquidity.

Unfavourable macroeconomic developments, market disruptions or regulatory developments may increase the Bank Group's funding costs or challenge the Bank Group's ability to raise funds to support or expand the Bank Group's businesses.

If the Bank Group is unable to raise sufficient funds through deposits and/or in the capital markets, the Bank Group's liquidity position could be adversely affected, and the Bank Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature, to meet the Bank Group's obligations under committed financing facilities and insurance contracts or to fund new loans, investments and businesses. The Bank Group may need to liquidate unencumbered assets to meet the Bank

Group's liabilities. In a time of reduced liquidity, the Bank Group may be unable to sell some of the Bank Group's assets, or the Bank Group may need to sell assets at reduced prices, which in either case could materially adversely affect the Bank Group's business, financial condition, results of operations, capital position and prospects.

Macro-prudential, regulatory and legal risks to the Bank Group's business model

The Bank Group is subject to numerous new and existing legislative or regulatory requirements, and to the risk of failure to comply with all applicable regulations

The Bank Group's businesses are subject to ongoing regulation, policies, voluntary codes of practice and interpretations in various markets in which the Bank Group operates. A number of regulatory changes affecting the Bank Group's business have effects beyond the country in which they are enacted.

In recent years, regulators and governments have focused on reforming both the prudential regulation of the financial services industry and the ways in which the business of financial services is conducted. The measures taken include enhanced capital, liquidity and funding requirements, the separation or prohibition of certain activities by banks, changes in the operation of capital markets activities, the introduction of tax levies and transaction taxes and changes in compensation practices. With regard to conduct, there is a focus on customers and markets, payments and e-money, ESG including governance, and operational resilience. This is all set against increased geopolitical tensions which may limit the development of consistent regulatory requirements, and the evolving regulatory response to the 'banking turmoil' in 2023.

Specific areas where regulatory changes and increased supervisory expectations could have a material effect on the Bank Group's business, financial condition, results of operations, prospects, capital position, reputation and strategy, include, but are not limited to:

Prudential and related issues

- the implementation of the Basel Committee on Banking Supervision's reforms to the prudential framework, which includes changes to the RWA approaches to credit risk, market risk, operational risk, and credit valuation adjustment and the application of RWA floors;

- the increased supervisory expectations arising from expanding and increasingly complex regulatory reporting obligations, including expectations on data integrity and associated governance and controls;

- the possible impacts on some of the Bank Group's regulatory ratios, such as the Common Equity Tier 1 ("**CET1**") capital ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio, arising from the programme initiated to strengthen the HSBC Group's global processes, improve consistency (through data enhancement, transformation of the reporting systems and an uplift to the control environment over the report production process) and enhance controls across regulatory reports;

- any changes to the prudential framework following the bank failures in 2023, for example in relation to liquidity or interest rate risk in the banking book or rules concerning depositor protection;

- requirements flowing from arrangements for the resolution strategy of the Bank Group and its individual operating entities that may have different effects in different countries;

- the financial effects of climate risk and other ESG-related changes being incorporated within the global prudential framework, including physical risks from climate change and the transition risks resulting from a shift to a low carbon economy;

- the increasing regulatory expectations and requirements relating to various aspects of operational resilience, including an increasing focus on the response of institutions to operational disruptions; and

- reviews of regulatory frameworks applicable to the wholesale financial markets, in particular the reforms and other changes to securitisation requirements.

Non-prudential and related issues

- the increasing focus by regulators, international bodies and other policy makers on how institutions conduct business, particularly around the delivery of fair outcomes for customers, promoting effective competition and ensuring the orderly and transparent operation of global financial markets;

- the supervisory and regulatory change focus globally on technology adoption and digital delivery, underpinned by customer protection, including the use of digital assets and currencies and wider financial technology risks, for example, Hong Kong and Singapore are each introducing new regulations aimed at crypto assets related activities;

- increasing regulatory expectations and requirements around the use of artificial intelligence ("**AI**");

- continuing supervisory and regulatory change focus globally on payment services and related infrastructure, including 'Open Banking' in Hong Kong and changes concerning operational resilience and cybersecurity;

- ongoing expectations with respect to managing emerging financial crime risks, specifically as they relate to digital assets, an evolving payments infrastructure, national data privacy requirements, and fraud, and managing conflicting laws and approaches to legal and regulatory regimes and implementing increasingly complex and less predictable sanctions and trade restrictions;

- the demise of certain interbank offered rates ("**IBORs**") reference rates and the transition to new replacement rates (as discussed further under "*The Bank Group may not manage risks associated with the replacement of benchmark rates and indices effectively*");

- the implementation of conduct and other measures as a result of regulators' focus on organisational culture, employee behaviour, whistleblowing and diversity and inclusion;

- requirements regarding remuneration arrangements and regarding senior management accountability more generally within the Bank Group (for example, the requirements of the Senior Managers and Certification Regime in the UK and similar regimes in Hong Kong, Singapore, Australia and elsewhere that are either in effect or under consideration/implementation);

- changes in national or supra-national requirements regarding the ability to outsource the provision of services and resources offshore or to transfer material risk to financial services companies located in other countries and regions, which may impact the Bank Group's ability to implement globally consistent and efficient operating models;

- increasing regulatory expectations of firms in relation to ESG-related governance, risk management and disclosure frameworks, particularly relating to climate change, transition plans, greenwashing and supply chains due diligence; and

- the regulatory focus on policies and controls related to the unauthorised use by employees of electronic communications on non-business platforms.

The Bank Group may not manage risks associated with the replacement of benchmark rates and indices effectively

IBORs have previously been used extensively to set interest rates on different types of financial transactions and for valuation purposes, risk measurement and performance benchmarking.

Key benchmark rates and indices, including IBORs such as the London interbank offered rate ("**LIBOR**"), have been the subject of both national and international scrutiny and reform for many years. This has resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of replacement near risk free rates ("**RFRs**") and the proposed discontinuation of certain reference rates (including LIBOR). From the end of December 2021, the European Money Markets Institute ceased publication of the Euro Overnight Index average ("**EONIA**") and, ICE Benchmark Administration Limited ("**IBA**") ceased publication of all sterling, Euro, Swiss franc and Japanese yen settings, and the one-week and two-month U.S. dollar LIBOR settings and replacement RFRs have been adopted in their place. All

remaining U.S. dollar LIBOR settings ceased to be published on 30 June 2023. Following the demise of the one month and six-month sterling synthetic LIBOR settings on 31 March 2023, the only remaining synthetic rates available are the three-month sterling setting, which is expected to cease to be published at the end of March 2024, and the one-, three- and six-month U.S. dollar settings, which will cease to be published on 30 September 2024.

The continued existence of a small number of legacy contracts in benchmark rates that have demised (so called "tough legacy" contracts) and contracts referencing other IBORs that are expected to demise at a later date, results in several risks for the Bank Group, its clients, and the financial services industry more widely. These include, but are not limited to:

- regulatory compliance, legal and conduct risks, which arise from the transition of legacy contracts to RFRs or alternative rates and from the sales of products referencing RFRs, could lead to unintended or unfavourable outcomes for clients and market participants. These risks could be heightened if the Bank Group's sales processes and procedures are not appropriately adapted or executed to detail the risks and complexity of the RFR market conventions;

- legal risks associated with legacy contracts that the Bank Group is unable to appropriately transition, including those contracts that rely on the use of legislative solutions and/or "synthetic" LIBOR. If the Bank Group is unable to appropriately transition legacy contracts, this could lead to reliance on fallback provisions which do not contemplate the permanent cessation of the relevant IBOR, and there is a risk that these fallback provisions will not work from a contractual, practical or financial perspective, potentially resulting in unintended outcomes for clients. While legislative solutions have in some circumstances assisted market participants and investors with transitioning legacy contracts and mitigating risks associated with "tough legacy" contracts, there remains some uncertainty around the operation, application, and enforceability of such solutions. For legacy contracts that utilise "synthetic" LIBOR there is a risk that the Bank Group is unable to transition such contracts to a new RFR or alternative rate before the relevant "synthetic" LIBOR is discontinued. This could lead to reliance on the above-mentioned fallback provisions. Each of these issues could result in unintended or unfavourable outcomes for clients and market participants and this could potentially increase the risk of disputes;

- financial and market risks resulting from differences in U.S. dollar LIBOR and its replacement RFR, Secured Overnight Funding rate ("**SOFR**"), and interest rate levels which create a basis risk in the trading book and banking book due to asymmetric adoption of SOFR across assets, liabilities and products. Additionally, the current stage of the Term SOFR market presents challenges for certain hedge accounting strategies;

- resilience and operational risks, resulting from changes to manual and automated processes, made in support of new RFR methodologies, and the transition of large volumes of IBOR contracts may lead to operational issues. In particular, there is a risk that the Bank Group's systems, processes and controls have not been appropriately adapted to account for new RFR methodology changes or fallback provisions, which may lead to complaints and disputes; and

- model risk resulting from changes to the Bank Group's models, to replace IBOR-related data, which could adversely affect the accuracy of model outputs.

If any of these risks materialise, this could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and customers.

The Bank Group is subject to the risk of current and future legal, regulatory or administrative actions and investigations, the outcomes of which are inherently difficult to predict

The Bank Group faces significant risks in its business relating to legal, regulatory or administrative actions and investigations. The amount of damages claimed in litigation, regulatory proceedings, investigations, administrative actions and other adversarial proceedings against financial institutions are increasing for many reasons. These include a substantial increase in the number of regulatory changes taking place globally, increasing focus from regulators, investors and other stakeholders on ESG disclosures, including in relation to the measurement and reporting of such matters as both local and international standards in this area continue to significantly evolve and develop, increased media attention and higher expectations from

regulators and the public. In addition, criminal prosecutions of financial institutions for, among other things, alleged conduct breaches, breaches of anti-money laundering ("**AML**"), anti-bribery and corruption and sanctions regulations, antitrust violations, market manipulation, aiding and abetting tax evasion, and providing unlicensed cross-border banking services, have become more commonplace and may increase in frequency due to increased media attention and higher expectations from regulators and the public.

Any such legal, regulatory or administrative action or investigation against the Bank Group or one or more of its subsidiaries could result in, among other things, substantial fines, civil penalties, criminal penalties, cease and desist orders, forfeitures, the suspension or revocation of key licences, requirements to exit certain businesses, other disciplinary actions and/or withdrawal of funding from depositors and other stakeholders. Any threatened or actual litigation, regulatory proceeding, administrative action, investigation or other adversarial proceedings against the Bank Group or one or more of its subsidiaries could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation. Additionally, the Bank Group's financial statements reflect provisioning for legal proceedings, regulatory and customer remediation matters. Provisions for legal proceedings, regulatory and customer remediation matters typically require a higher degree of judgement than other types of provisions, and the actual costs resulting from such proceedings and matters may exceed existing provisioning.

Additionally, as described in Note 40 ("*Legal proceedings and regulatory matters*") to the Bank Group's 2023 Annual Report and Accounts, the HSBC Holdings plc and its subsidiaries (the "**HSBC Group**") continues to be subject to a number of material legal proceedings, regulatory actions and investigations, the outcomes of which are inherently difficult to predict, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Moreover, the HSBC Group and/or the Bank Group may face additional legal proceedings, investigations or regulatory actions in the future, including in other jurisdictions and/or with respect to matters similar to, or broader than, the existing legal proceedings, investigations or regulatory actions. An unfavourable result in one or more of these proceedings could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

The Bank Group may fail to meet the requirements of regulatory stress tests

The Bank Group is subject to supervisory stress tests in several jurisdictions, which are described under "*Risk — Risk Management — Our responsibilities — Stress testing and recovery planning*" on page 27 of the Bank Group's 2023 Annual Report and Accounts. These exercises are designed to assess the resilience of banks to potential adverse economic or financial developments or operational failure to inform mitigation actions and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by supervisors is both on a quantitative and qualitative basis, the latter focusing on the Bank Group's data provision, stress testing capability and internal management processes and controls.

Failure to meet quantitative or qualitative requirements of regulatory stress tests, or the failure by supervisors to approve the Bank Group's stress test results and capital plans, could result in the Bank Group being required to enhance its capital position, and this could, in turn, have a material adverse effect on the Bank Group's business, financial returns, capital position, operational capabilities and reputation.

The Bank Group is subject to tax-related risks in the countries and regions in which it operates

The Bank Group is subject to the substance and interpretation of tax laws in all countries and territories in which it operates and is subject to routine review and audit by tax authorities in relation thereto. The Bank Group's interpretation or application of these tax laws may differ from those of the relevant tax authorities, and the Bank Group provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities. The amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters. In addition, potential changes to tax legislation, the approach taken by tax authorities in audits, and tax rates in the countries and territories in which the Bank Group operates, in particular, those arising as a consequence of the OECD's Base Erosion and Profit Shifting project, could increase its effective tax rate in the future and have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and capital position.

Risks related to the Bank Group's operations

The Bank Group's operations are highly dependent on the HSBC Group's information technology systems

The Bank Group operates in an extensive and complex technology landscape, which must remain resilient in order to support customers, itself and markets globally. Risks arise where technology is not understood, maintained, or developed appropriately.

The reliability and security of the HSBC Group's information and technology infrastructure is crucial to the Bank Group's provision of financial services to its customers and protecting the HSBC brand. The effective functioning of the HSBC Group's payment systems, financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between the Bank Group's branches and main data processing centres, is important to the Bank Group's operations.

Critical system failure, any prolonged loss of service availability or any material breach of data security, particularly involving confidential customer data, could cause serious damage to the Bank Group's ability to service its clients. This could breach regulations and could cause long-term damage to the Bank Group's business and brand that could have a material adverse effect on the Bank Group's financial condition, results of operations, prospects and reputation.

The Bank Group remains susceptible to a wide range of cyber risks that impact and/or are facilitated by technology

The threat of cyber-attacks remains a concern for the Bank Group, as it does across the entire financial sector. As cyber-attacks continue to evolve, failure to protect the Bank Group's operations may result in disruption for customers, manipulation of data or financial loss. This could adversely impact both the Bank Group's and its customers. Adversaries attempt to achieve their objectives by compromising the HSBC Group and/or the Bank Group or related third party systems. They use techniques that include malware (such as ransomware), exploitation of both known and unpublished (zero-day) vulnerabilities in software, phishing emails, distributed denial of service, as well as potentially physical compromise of premises, or coercion of staff. The Bank Group's customers may also be subject to these constantly evolving cyber-attack techniques. The Bank Group, like other financial institutions, experiences numerous attempts to compromise its cyber security, and expects to continue to be the target of such attacks in the future.

Cyber security risks will continue to increase, due to continued increase of services delivered over the internet; increasing reliance on internet-based products, applications and data storage; and an increased use of hybrid working models by the Bank Group's employees, contractors, third party service providers and their sub-contractors. To date, the Bank Group has not been materially affected by cyber security threats. However, the Bank Group's business strategy, results of operations and financial condition could be materially affected by cyber security risks and any future material incidents. A failure in the Bank Group's adherence to its cyber security policies, procedures or controls, employee wrongdoing, or human, governance or technological error could also compromise its ability to defend against cyber-attacks. Should any of these cyber security risks materialise, they could have a material adverse effect on the Bank Group's customers, business, financial condition, results of operations, prospects and reputation.

The Bank Group could incur losses or be required to hold additional capital as a result of model limitations or failure

The Bank Group uses models for a range of purposes in managing its business, including regulatory capital calculations, stress testing, credit approvals, calculation of ECLs on a HKFRS 9 basis, financial crime and fraud risk management and financial reporting. The Bank Group could face adverse consequences as a result of decisions that may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood, or the use of modelled information for purposes for which it was not designed for, or by inherent limitations arising from the uncertainty inherent in predicting or estimating future outcomes.

Regulatory scrutiny and supervisory concerns over banks' use of models are considerable, particularly the internal models and assumptions used by banks in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner or if those models are subject to negative feedback from regulators, the Bank Group could be required to hold additional capital.

Evolving regulatory requirements have resulted in changes to the Bank Group's approach to model risk management, which poses execution challenges. The adoption of more sophisticated modelling approaches including artificial intelligence related risks and technology by both the Bank Group and the financial services industry could also lead to increased model risk. The Bank Group's commitment to changes to business activities due to climate and sustainability challenges will also have an impact on model risk going forward. Models will play an important role in risk management and financial reporting of climate-related risks. Challenges such as uncertainty of the long dated impacts of climate change and lack of robust and high quality climate related data present challenges to creating reliable and accurate model outputs for these models.

Model risk remains a key area of focus given the regulatory scrutiny in this area with local regulatory examinations taking place in many jurisdictions and revised principles on model risk published by the Prudential Regulation Authority which come into force in 2024 and further developments in policy expected from other regulators.

Risks arising from the use of models could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, capital position and reputation.

The Bank Group's operations use third party suppliers and service providers

The Bank Group relies on third parties suppliers and service providers to supply goods and services. The use of third-party suppliers and service providers by financial institutions is of particular focus to global regulators. This includes how outsourcing decisions are made, how key relationships are managed and the Bank Group's understanding of third party dependencies and their impact on service provision.

The inadequate management of third-party risk could impact the Bank Group's ability to meet strategic, regulatory and client expectations. This may lead to a range of effects, including regulatory censure, penalties or damage shareholder value and to the Bank Group's reputation, which could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, capital position and reputation.

Risks related to the Bank Group's governance and internal controls

The Bank Group's data management and data privacy controls must be sufficiently robust to support the increasing data volumes and evolving regulations

As the Bank Group becomes more data-driven and its business processes move to digital channels, the volume of data that the Bank Group relies on has grown. As a result, management of data (including data retention and deletion, data quality, data privacy and data architecture) from creation to destruction must be robust and designed to identify quality and availability issues. Inadequate data management could result in negative impacts to customer service, business process, or require manual intervention to reduce the risk of errors in reporting to senior management, executives, or regulators.

Expanding data privacy, national security and cyber security laws in a number of markets could pose potential challenges to intra-group data sharing. These developments could increase financial institutions' compliance obligations in respect of cross-border transfers of personal information, and which may affect the Bank Group's ability to manage financial crime risks across markets.

In addition, failure to comply with data privacy laws and other legislation in the jurisdictions in which the Bank Group operate may result in regulatory sanctions. Any of these failures could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

Third parties may use the Bank Group as a conduit for illegal activities without the Bank Group's knowledge

The Bank Group is required to comply with applicable financial crime laws and regulations, and has adopted various policies, procedures and controls aimed at preventing the exploitation of its products and services for criminal activity. Financial crime includes fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing. There are instances, as permitted by regulation, where the Bank Group may rely upon certain counterparties to undertake certain financial crime risk management activities on the Bank Group's behalf. While permitted by regulation, such reliance or other controls may not prevent third parties from using the Bank Group (and the Bank Group's relevant counterparties) as a conduit for financial crime, without the Bank Group's knowledge (and that of the Bank Group's relevant counterparties). Becoming a party to, associated with, or even accused of being associated with, financial crime could damage the Bank Group's reputation and could make it subject to fines, sanctions and/or legal enforcement. Any one of these outcomes could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

The Bank Group is subject to the risk of financial crime

The Bank Group is exposed to financial crime risk from the Bank Group's customers, staff and third parties engaging in criminal activity (see also "*Third parties may use the Bank Group as a conduit for illegal activities without the Bank Group's knowledge*") and, as such, it faces increasing regulatory expectations. In 2023, financial crime risk was exacerbated by increasingly complex geopolitical challenges, the macroeconomic outlook, the complex and dynamic nature of sanctions compliance, evolving financial crime regulations, rapid technological developments, an increasing number of national data privacy requirements and the increasing sophistication of fraud, scams and other criminal activities. The Bank Group's ability to manage financial crime risk is dependent on the use and effectiveness of its financial crime risk assessments, systems and controls. Weak or ineffective financial crime processes and controls may risk the Bank Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage.

The Bank Group may suffer losses due to employee misconduct

The Bank Group's businesses are exposed to risk from potential non-compliance with the HSBC Group's policies, including the "HSBC Values" (the HSBC Values describe how the Bank Group's employees should interact with each other and with customers, regulators and the wider community*),* and related behaviours and employee misconduct such as fraud, negligence, or non-financial misconduct, all of which could result in regulatory sanctions and/or reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter employee misconduct, and the precautions the Bank Group takes to prevent and detect this activity may not always be effective. Misconduct risks could be increased if the Bank Group's prevent and detect measures are less effective because of remote and home working. Employee misconduct, or regulatory sanctions if a regulator deems the Bank Group's actions to deter such activity to be insufficient, could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

The delivery of the Bank Group's strategic actions is subject to execution risk and the Bank Group may not achieve any of the expected benefits of its strategic initiatives

Effective management of transformation projects is required to effectively deliver the Bank Group's strategic priorities, involving delivering both on externally driven programmes and key business initiatives to deliver growth, operational resilience and efficiency outcomes. The scale, complexity and, at times, concurrent demands of the projects required to meet these can result in heightened execution risk.

The HSBC Group's strategy set out in February 2022, and refined subsequently, was supported by global trends — the continued economic development in emerging markets, growth of international trade and capital flows, and wealth creation, particularly in faster-growing markets. The HSBC Group takes into consideration global trends along with its strategic advantages to help it better deploy capital. The development and implementation of the HSBC Group's strategy requires difficult, subjective and complex judgements, including forecasts of economic conditions in various parts of the world. The HSBC Group may fail to correctly identify the relevant factors in making decisions as to capital deployment and cost reduction. The HSBC Group may also encounter unpredictable changes in the external environment that are unfavourable to its strategy.

The Bank Group's ability to assist in executing the HSBC Group's strategy may be limited by its operational capacity, effectiveness of the Bank Group's change management controls, challenges in integrating any newly acquired businesses into the Bank Group's business and instituting and maintaining appropriate transitional arrangements, and the potential for unforeseen changes in the market and/or regulatory environment in which it operates. The global economic outlook continues to remain uncertain, particularly with regard to the impact of economic recession, heightened inflation, changes in legislation and geopolitical tensions. There remains a risk that, in the absence of an improvement in economic conditions, the Bank Group's cost and investment actions may not be sufficient to achieve the expected benefits.

The failure to successfully deliver or achieve any of the expected benefits of HSBC Group's key strategic initiatives could have a material adverse effect on the Bank Group's customers, business, financial condition, results of operations, prospects and reputation.

The Bank Group's risk management measures may not be successful

The management of risk is an integral part of all the Bank Group's activities. Risk constitutes the Bank Group's exposure to uncertainty and the consequent variability of return. Specifically, risk equates to the adverse effect on profitability or financial condition arising from different sources of uncertainty, including retail and wholesale credit risk, market risk, non-traded market risk, operational risk, insurance risk, concentration risk, capital risk, liquidity and funding risk, litigation risk, conduct risk, reputational risk, strategic risk, pension risk and regulatory risk. While the Bank Group employs a broad and diversified set of risk monitoring and mitigation techniques, such methods and the judgements that accompany their application cannot anticipate every unfavourable event or the specifics and timing of every outcome. Failure to manage risks appropriately could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, capital position, strategy and reputation.

Risks related to the Bank Group's business

The Bank Group's operations have inherent reputational risk

Reputational risk is the risk of failing to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by the Bank Group or a member of the HSBC Group, the Bank Group's employees or those with whom the Bank Group is associated. Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputational risk. Stakeholder expectations constantly evolve, and so reputational risk is dynamic and varies between geographical regions, groups and individuals. In addition, the Bank Group's business faces increasing scrutiny in respect of ESG-related matters. If the Bank Group fails to act responsibly, or to achieve its announced targets, commitments, goals or ambitions, in a number of areas, such as diversity and inclusion, climate, sustainability, workplace conduct, human rights, and support for local communities, its reputation and the value of its brand may be negatively affected.

Social media and other broadcasting channels that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Reputational risk could also arise from negative public opinion about the actual, or perceived, manner in which the Bank Group conducts its business activities, or the Bank Group's financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Negative public opinion may adversely affect the Bank Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

Non-financial risks are inherent in the Bank Group's business

The Bank Group is exposed to many types of non-financial risks that are inherent in banking operations. Non-financial risk can be defined as the risk to the Bank Group of achieving its strategy or objectives as a result of inadequate or failed internal processes, people and systems, or from external events. It includes breakdowns in processes or procedures, breaches of regulations or law, financial crime, financial reporting and tax errors, external events and systems failure or non-availability. These risks are also present when the Bank Group relies on outside suppliers or vendors to provide services to the Bank Group and its customers.

These non-financial risks may result in financial losses to the Bank Group and its customers, an adverse customer experience, reputational damage and potential litigation, regulatory proceeding, administrative action or other adversarial proceeding in any jurisdiction in which the Bank Group operates, depending on the circumstances of the event.

They could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, strategy and reputation.

The Bank Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel

Meeting the demand to recruit, retain and develop appropriate senior management and skilled personnel remains subject to a number of challenges. These include rapidly changing skill requirements and ways of working, the evolving regulatory landscape plus increased requirements and expectations regarding nationalisation and diversity in some jurisdictions. Ongoing talent shortages in key markets and capabilities, particularly where those with the scarce capabilities are globally mobile, add to the complexity of the Bank Group's supply challenge.

The Bank Group's continued success and implementation of its growth strategy depend in part on the retention of key members of its management team and wider employee base, the availability of skilled management in each of its global businesses and global functions, and the ability to continue to attract, train, motivate and retain highly qualified professionals, each of which may depend on factors beyond the Bank Group's control, including economic, market and regulatory conditions.

When the Bank Group acquires or disposes of an operation, it needs to ensure that it complies with any employment requirements, provide support to affected employees, and integrate new employees into the Bank Group's values, culture and ways of working.

If the Bank Group's global businesses or global functions fails to staff its operations appropriately or loses one or more of its key senior executives, and fails to successfully replace them in a satisfactory and timely manner, or fails to implement successfully the organisational changes required to support the Bank Group's strategy, its business, financial condition, results of operations, prospects and reputation, including control and operational risks could be materially adversely affected.

The Bank Group has significant exposure to counterparty risk

The Bank Group is exposed to counterparties that are involved in virtually all major industries, and the Bank Group routinely executes transactions with counterparties in financial services, including brokers and dealers, central clearing counterparties, commercial banks, investment banks, mutual and hedge funds, and other institutional clients.

Many of these transactions expose the Bank Group to credit risk in the event of default by its counterparty or client. The Bank Group's ability to engage in routine transactions to fund its operations and manage its risks could be materially adversely affected by the actions and commercial soundness of other financial services institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships. As a consequence, a default by, or decline in market confidence in, individual institutions, or anxiety about the financial services industry generally, can lead to further individual and/or systemic difficulties, defaults and losses.

Mandatory central clearing of OTC derivatives poses risks to the Bank Group. As a clearing member, the Bank Group is required to underwrite losses incurred at a central counterparty by the default of other clearing members and their clients. Increased moves towards central clearing brings with it a further element of interconnectedness between clearing members and clients, and the Bank Group believes this may increase rather than reduce its exposure to systemic risk. At the same time, the Bank Group's ability to manage such risk ourselves will be reduced because control has been largely outsourced to central counterparties, and it is unclear at present how, at a time of stress, regulators and resolution authorities will intervene.

Where bilateral counterparty risk has been mitigated by taking collateral, the Bank Group's credit risk may remain high if the collateral the Bank Group holds cannot be realised or has to be liquidated at prices that are insufficient to recover the full amount of the Bank Group's loan or derivative exposure. There is a risk that collateral cannot be realised, including situations where this arises by change of law, or the imposition of sanctions that may influence the Bank Group's ability to foreclose on collateral or otherwise enforce contractual rights.

The Bank Group also has credit exposure arising from mitigants, such as credit default swaps, and other credit derivatives, each of which is carried at fair value. The risk of default by counterparties to credit default swaps and other credit derivatives used as mitigants affects the fair value of these instruments depending on the valuation and the perceived credit risk of the underlying instrument against which protection has been purchased. Any such adjustments or fair value changes could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, capital position and reputation.

Any reduction in the credit rating assigned to the Bank, any subsidiaries of the Bank or any of their respective debt securities could increase the cost or decrease the availability of the Bank's funding and materially adversely affect the Bank's liquidity position and/or net interest margin

Credit ratings affect the cost and other terms upon which the Bank is able to obtain market funding. Rating agencies regularly evaluate the Bank and certain of its subsidiaries, as well as their respective debt securities. Their ratings are based on a number of factors, including their assessment of the relative financial strength of the Bank or of the relevant subsidiary, as well as conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the Bank's or the relevant subsidiary's current ratings or outlook, particularly given the rating agencies' current review of their bank rating methodologies and the potential impact on the Bank's or its subsidiaries' ratings.

Any reductions in these current ratings, or the outlook could increase the cost of the Bank's funding, limit access to capital markets and require additional collateral to be placed and, consequently, materially adversely affect the Bank's interest margins and its liquidity position.

Risks concerning borrower credit quality are inherent in the Bank Group's businesses

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties (e.g. reinsurers and counterparties in derivative transactions) are inherent in a wide range of the Bank Group's businesses. Adverse changes in the credit quality of the Bank Group's borrowers and counterparties arising from a general deterioration in economic conditions or systemic risks in the financial systems, including uncertainties caused by the Russia-Ukraine and Israel-Hamas wars could reduce the recoverability and value of the Bank Group's assets and require an increase in the Bank Group's ECLs. Additionally, recent attacks on shipping in the Red Sea and the resulting countermeasures taken have begun to disrupt supply chains (see "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*").

The Bank Group estimates and recognises ECLs in the Bank Group's credit exposure. This process, which is critical to the Bank Group's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how the economic and geopolitical conditions, including the impact of sanctions, and sector specific risks, might impair the ability of the Bank Group's borrowers to repay their loans and the ability of other counterparties to meet their obligations. This assessment considers multiple alternative forward-looking economic conditions (including GDP estimates) and incorporates this into the ECL estimates to meet the measurement objective of HKFRS 9. As is the case with any such assessments, the Bank Group may fail to estimate accurately the effect of factors that it identifies or fails to identify relevant factors. Further, the information the Bank Group uses to assess the creditworthiness of its counterparties may be inaccurate or incorrect. See "*The Bank Group could incur losses or be required to hold additional capital as a result of model limitations or failure*". Any failure by the Bank Group to accurately estimate the ability of its counterparties to meet their obligations could have a material adverse effect on the Bank Group's business, financial condition, results of operations and prospects.

The Bank Group's insurance businesses are subject to risks relating to insurance claim rates and changes in insurance customer behaviour

The Bank Group provides various insurance products for customers, including several types of life insurance products. The cost of claims and benefits can be influenced by many factors, including mortality and morbidity rates, lapse and surrender rates and, if the policy has a savings element, the performance of assets to support the liabilities.

Adverse developments in any of these factors could materially adversely affect the Bank Group's business, financial condition, results of operations capital position, prospects and reputation.

Risks related to the Bank Group's financial statements and accounts

The Bank Group's financial statements are based in part on judgements, estimates and assumptions that are subject to uncertainty

The preparation of financial information requires management to make judgements and use estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, particularly those involving the use of complex models, actual results reported in future periods could differ from those on which management's estimates are based. Judgements, estimates, assumptions and models are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. The impacts of revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items highlighted as the critical accounting estimates and judgements in Note 1.1(e) in the Bank Group's 2023 Annual Report and Accounts, it is possible that the outcomes in the next financial year could differ from those on which the Bank Group management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of the Bank Group's audited consolidated financial statements. Management's selection of the Bank Group's accounting policies that contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

Changes in accounting standards may have a material impact on how the Bank Group reports its financial results and financial condition

The Bank Group prepares its consolidated financial statements in conformity with the requirements of the Companies Ordinance (Cap. 622) and in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") as issued by the Financial Reporting Standards Committee ("**FRSC**") of the Hong Kong Institute of Certified Public Accountants.

From time to time, the FRSC may issue new accounting standards that could materially impact how the Bank Group calculates, reports and discloses its financial results and financial condition, and which may affect its capital ratios, including the CET1 ratio. The Bank Group could be required to apply new or revised standards retrospectively, resulting in restating its prior period financial statements in material amounts. This could have a material adverse effect on the Bank Group's business, financial condition, results of operations and capital position.

2. Considerations relating to Hong Kong

The Bank is subject to minimum regulatory capital, leverage and liquidity requirements

The Bank is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Minimum capital requirements now are more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Bank to maintain its minimum regulatory capital requirements could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Bank's results or operations.

On 16 December 2010 and on 13 January 2011, the Basel Committee of Banking Supervision (the "**Basel Committee**") issued revised global regulatory standards (known as "**Basel III**"). The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement and the total Tier 1 capital requirement. In addition, banks are required to maintain, in the form of common equity (or equivalent), a capital conservation buffer of common equity Tier 1 to withstand future periods of stress.

If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer of common equity Tier 1 is to be applied as an extension of the conservation buffer. Furthermore, systemically important banks should have loss absorbing capacity beyond these standards. The Basel III reforms also require Tier 1 and Tier 2 capital instruments to be more loss-absorbing. The reforms therefore increase the minimum quantity and quality of capital which banks are obliged to maintain. There can be no assurance as to the availability or cost of such capital. The capital requirements are supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio are also introduced. The reforms have been adopted in Hong Kong through a series of legislative amendments, with many of the new rules having taken effect from 2013, and the full implementation of the reforms is expected to be completed by 1 January 2025.

Aside from its compliance with Basel III regulatory capital requirements, the Issuer will also need to comply with the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules (the "**LAC Rules**"), which was published in the gazette of the Hong Kong Special Administrative Region Government on 19 October 2018, and came into operation on 14 December 2018. The LAC Rules introduced an additional loss absorbing capacity ratio which the Issuer is required to maintain in addition to existing capital and liquidity requirements implemented under Basel III. The Issuer may in the future need to issue other loss absorbency capital instruments to meet the relevant requirements in the LAC Rules. However, the definitive loss-absorbing capacity requirements that apply to a particular authorised institution will be determined depending on institution-specific circumstances of that authorised institution in a way which supports the preferred resolution strategy of the authorised institution, and imposed in accordance with the LAC Rules, depending on institution-specific circumstances of that authorised institution. There can be no assurance that the Issuer will be able to obtain additional capital in a timely manner, on acceptable terms or at all. Further, the HKMA may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital requirements on authorized institutions.

If the regulatory capital requirements, liquidity restrictions or ratios applied to the Bank Group are increased in the future, any failure of the Bank Group to maintain such increased regulatory capital ratios or liquidity requirements within the applicable timeline could result in administrative actions or sanctions, which may have an adverse effect on the Bank Group's results of operations.

3. Considerations relating to all issues of Notes

A wide range of Notes may be issued under the Programme. The Issuer may issue Notes with principal and/or interest determined by reference to, one or more variables such as an index, formula, securities, currency exchange rates, interest rates, or other factors (each underlying or other asset being a "**Reference Asset**"). A number of these Notes may have features which contain particular risks for investors. Set out below is a description of some of the risks that should be taken into consideration by prospective purchasers of Notes.

General

An investment in certain Notes may be speculative and may entail substantial risks. Noteholders should understand that in some instances they could suffer a partial or complete loss of their investment subject, if applicable, to any minimum redemption amount specified in the relevant Pricing Supplement. In the case of Notes linked to a Reference Asset or Reference Assets, any investment return on a Note determined by reference to changes in the level and/or the value of the Reference Asset(s), is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument. Changes in the level and/or the value of the Reference Asset(s) cannot be predicted. If so provided in the relevant Pricing Supplement, the Notes may be subject to early redemption by reference to changes in the level and/or the value of the Reference Asset(s). On redemption, the Notes may be redeemed in such manner as the Pricing Supplement provides.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Credit risk

The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts.

Investors should be aware that any rating of the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

The offer price of the Notes may not reflect the market implied credit risk of the Issuer

The offer price of the Notes may be determined based on various factors including the Issuer's appetite for funding at the relevant time which may not reflect the market implied credit risk of the Issuer. In highly volatile market conditions, the credit spreads of the Issuer may be substantially higher than usual. In such a case, taking into account the Issuer's credit spreads, the offer price of the Notes may be substantially higher than (i) the Issuer's internal valuation and market implied value of the Notes as at the trade date of such Notes and (ii) the price of the Notes in the secondary market (if any). As a result, (a) the price at which a Noteholder purchases the Notes may be substantially higher than the market implied value of the Notes, and (b) the price at which a Noteholder may be able to sell the Notes in the secondary market (if any) may be substantially less than the amount invested in the Notes.

The Notes are unsecured obligations

It will be particularly important for the investor to evaluate the Issuer's credit risk when considering an investment in the Notes as the Notes are not secured. If the Issuer became unable to pay amounts owed to the investor under the Notes, such investor will not have recourse to the Reference Asset(s) or any other security or collateral and, in a worst case scenario, may not receive any payments under the Notes.

Notes issued under the Programme are not ordinary debt securities and investors are exposed to the risks relating to the Reference Asset(s)

An investment in the Notes is not an equivalent to an investment in a time deposit. The terms of certain Notes issued under the Programme may differ from those of ordinary debt securities because such Notes may not pay interest and, on redemption, depending on the performance of the relevant Reference Asset(s) the Notes may return less than the amount invested or nothing.

The repayment of any amount invested in such Notes and any return on investment may be variable and not guaranteed. Unlike a savings account or similar investment with a lower return and little or no capital risk, certain Notes issued under the Programme may potentially have a greater return but there is a greater risk of loss of capital. As a result, the investors' capital can fall below the amount initially invested.

Certain Notes may be linked to the value or level of underlying Reference Asset(s) and payment at maturity or expiry (and/or payment on early redemption or termination in certain circumstances) and/or payment of interest amounts depend on performance of the relevant Reference Asset(s). Investors should therefore be prepared to be exposed to the risks related to the Reference Asset(s). The value or level of Reference Asset(s) can alter sharply because they reflect the performance of the underlying value or general stock and other market conditions. Therefore, there is a risk that, if the value or level of the Reference Asset(s) does not move in the anticipated direction, such Notes may return less than the amount invested and, in a worst case scenario, investors could lose their entire invested amount. In addition, investors should note that there may be a risk that if the issuer of an underlying Reference Asset becomes insolvent, the value of such Reference Asset will become zero. As a result thereof, the value of Notes linked to such Reference Asset(s) will be adversely affected and in a worst case scenario become zero as well. Investors in such Notes would then lose all of their invested amounts.

The Issuer cannot predict the value or level of the Reference Asset(s) on any date during the life of the Notes or at maturity or expiry (as applicable). The total return of the Notes may be less than other fixed rate instruments, including other securities available directly from the Issuer. Investors should compare the rates of return and other features of Notes to other available investments before deciding to purchase Notes.

Past performance of the Reference Asset(s)

Past performance of the Reference Asset(s), if provided, should not be taken as an indication of future performance of the Reference Asset(s). The Issuer cannot provide any assurance that the performance of the Reference Asset(s), will result in a positive return on any investment.

The Notes may be perpetual securities and investors may have no right to require redemption

The Notes may be perpetual and therefore may have no specified maturity date. The relevant Pricing Supplement in respect of such Notes will set out the circumstances under which the Notes will be redeemed and the other terms relating to redemption. However, where the Notes are perpetual securities, the Issuer is not expected to be under any obligation to redeem such Notes at any time and such Notes can only be disposed of by sale. Noteholders who wish to sell their Notes may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Notes.

Capital risks relating to Notes

Unless the relevant Series of Notes is fully principal protected, the repayment of any amount invested in the Notes is not guaranteed. As a result the investors' capital can fall below the amount initially invested in such Notes and, in the worst case, the investors may lose their entire invested amount.

In any event, any principal protection is subject to the Issuer's credit risk (see "*Credit Risk*" above).

No ownership rights

An investment in Notes relating to Reference Asset(s) is not the same as an investment in the Reference Asset(s). The Notes do not (prior to physical settlement of any Notes by the delivery of Reference Asset(s), where applicable) confer any legal or beneficial interest in any Reference Asset(s) or securities underlying any Reference Asset(s) (where such Reference Asset(s) is an equity index) and do not provide a Noteholder with any of the rights that a holder of such Reference Asset(s) may have (such as voting rights and rights to receive dividends).

There may be no active trading market or secondary market liquidity for Notes

Any Series of Notes issued will be new securities which may not be widely distributed and for which there is no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes (as applicable), general economic conditions, commissions paid by the Issuer and the financial condition of the Issuer and existing liquidity arrangements (if any) might not protect the Noteholders from having to sell the Notes at substantial discounts to their principal amount in the case of financial distress of the Issuer. Accordingly, the investor is subject to the risk that its investment in the Notes may be difficult or impossible to trade. If a market does develop, it may not be very liquid and any liquidity may be sensitive to changes in financial markets.

It is not possible to predict whether any trading market for the Notes will develop or, if it does, the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. If any Notes are not listed or traded on any exchange, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. Also, to the extent that Notes are redeemed or purchased and cancelled, the number of Notes outstanding will decrease, resulting in a lessening of the liquidity of the Notes. A lessening of the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. An investor in the Notes is subject to the risk therefore, that to the extent that there is no liquid market in the Notes, an investor may have to wait until redemption of such Notes in order to realise the value of its investment and, as such, an investor should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until their redemption.

Force Majeure

The Noteholders are subject to the risk that if the Calculation Agent determines in its absolute discretion that the performance of the Issuer's obligations under any Notes (or the Issuer's affiliates' obligations under any underlying or hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part, unless the relevant Pricing Supplement in respect of a Series of Notes specifies the "Early Redemption for reasons of Force Majeure" as not applicable, in which case the Issuer will not be entitled to terminate its obligations under such Notes on the basis it is unlawful (as the case may be) or impracticable only, the Issuer may terminate its obligations under the Notes against payment of an amount equal to the Fair Market Value of the Notes (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner). The Fair Market Value of a Note will be adjusted to account fully for any reasonable costs and expenses of the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and/or funding arrangements as a result of such events, and having the effect of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make payments in respect of the Notes which would, but for such early redemption, have fallen due after the relevant) early redemption date. Noteholders may suffer a loss of some or all of their investment as a result of such early redemption, and will forego any future performance in the relevant Reference Asset(s) or securities underlying Reference Assets(s) (where such Reference Asset(s) is an equity index), as applicable, and future interest payments applicable to such Notes (if any).

Certain factors affecting the value and trading price of Notes

The value of Notes prior to maturity is expected to depend on a number of factors including, without limitation: (i) the financial condition and funding costs of the Issuer; (ii) the value, volatility and liquidity of the Reference Asset(s); (iii) the time remaining to maturity; (iv) any change(s) in interest rates, dividend yields and inflation rates; (v) any change(s) in currency exchange rates; (vi) economic and market conditions and (vii) any related transaction costs. As a result of these factors the price at which a Noteholder will be

able to sell the Notes prior to maturity may be less than the initial amount invested in the Notes. Each of these factors interrelate in complex ways (for example, one factor may offset an increase in the value of the Notes caused by another factor). Investors are subject to the risk that the value of Notes may be adversely affected by one or more of the following factors:

(a) Fluctuations in the level or value of the Reference Asset(s)

Fluctuations in the value or level of the Reference Asset(s) may affect the value of the Notes, but equally an investor in the Notes is subject to the risk that expectations of fluctuation in value or level of the Reference Asset(s) during the remaining period to the maturity of the Notes or any earlier redemption would adversely affect amounts payable in respect of the Notes. The level or value of the Reference Asset(s) may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation.

(b) Interest rates

Rising interest rates may lower the value of the Reference Asset(s), and thus, the value of the Notes. Changes in interest rates may also affect the economy of the country and region in which the Reference Asset(s) or securities underlying the Reference Asset(s) (where such Reference Asset(s) is an equity index) are traded, and which may adversely affect the value of the Notes.

(c) Volatility of the Reference Asset(s)

If the size and frequency of market fluctuations in value of the Reference Asset(s) increase or decrease, the trading value of the Notes may be adversely affected.

(d) Time remaining to maturity

The Notes may trade at a value above that which would be expected based on the level of interest rates and the level of the Reference Asset(s). Any such difference will reflect a "**time premium**" resulting from expectations concerning the Reference Asset(s) during the period prior to the maturity of the Notes. An investor in the Notes should be aware of the risk that, as the time remaining to the redemption of the Notes decreases, this time premium would likely decrease, which would adversely affect the value of the Notes.

(e) Dividend rates

An investor in the Notes is subject to the risk that changes in dividend or other distribution rates on the Reference Asset(s) may adversely affect the trading value of the Notes. If the dividend or other income rates on the Reference Asset(s) increase, the trading value of the Notes is likely to decrease as the Notes generally do not reflect such distributions by way of increase in amounts payable on redemption, or pass-through payments of such distributions.

Pricing

As part of the valuation mechanism, Notes may specify a time and an exchange or other venue in which the level or value of the Reference Asset(s) are to be observed. Depending on how the level or value of the Reference Asset(s) is calculated, the level or value of such Reference Asset(s) may fluctuate throughout the trading day, and they may change rapidly. As a result, investors should note that return on any Notes may be particularly sensitive to the choice of valuation times and valuation methods. The "**price discovery**" mechanism used to ascertain the value of the underlying at any given time on exchanges or other venues may not be uniform throughout the trading day. This may affect the valuation of any issuance of Notes. For example, exchanges may conduct auctions to set an opening or closing price, and trading characteristics and participants in after-hours trading sessions may differ from those during regular hour sessions.

Capped return

The Terms and Conditions of Notes may provide that the return payable on the Notes is subject to a cap. In these circumstances, the exposure to the performance of the relevant Reference Asset(s) may be limited and accordingly, investors could forgo a return that could have been made had they invested in a product without a similar cap.

Further and other issues of Notes

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes to be consolidated with and form a single series with the outstanding Notes. In addition, the Issuer may issue other notes and/or other instruments, the value of which is linked to one or more of the Reference Assets. Any such issue of further notes may have an adverse effect on the value of Notes.

Notes which include leverage in the return may involve potentially greater losses than Notes which are unleveraged

Notes may have a leveraged exposure to the Reference Asset(s) in that the exposure of each Note to the Reference Asset(s) may be greater than the amount invested in the Note. Leveraged exposure results in the effect of price movements being magnified and may lead to proportionally greater losses in the value of and return on the Notes as compared to an unleveraged exposure. Any Note which includes leverage represents a very speculative and risky form of investment since negative performance of the Reference Asset carries the risk of a correspondingly higher loss of the amount invested in such Note. An investor may suffer a significant or total loss of the amount invested.

Potential conflicts of interest

The Issuer and/or affiliates of the Issuer may from time to time: (i) advise or engage in business with the issuers of or obligors in respect of Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) regarding transactions to be entered into by them; (ii) engage in transactions involving Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) for their proprietary accounts and for other accounts under their management or to facilitate client orders; (iii) carry out hedging activity related to the Notes by purchasing or entering into derivatives transactions relating to the Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) (but will not be obliged to do so); (iv) publish research reports relating to certain Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index); or (v) have or acquire non-public information about a Reference Asset and/or any relevant securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index). In undertaking any such activities, neither the Issuer nor any affiliate of the Issuer is under any obligation to consider the interests of the Noteholders, and any such activities by the Issuer or its affiliates (as applicable) may have a negative effect on the value or level of such Reference Assets and therefore on the value of any Notes to which they relate.

In addition, the Terms and Conditions of the Notes may provide for (a) the early redemption of the Notes and/or (b) a lesser amount being payable in respect of the Notes if the value of any Reference Asset exceeds, falls below, is equal to or does not stay within pre-determined reference levels ("**Threshold Events**"). The activities described in the preceding paragraph may cause such Threshold Events to be triggered, which could potentially have a negative impact on the value of any Notes to which they relate.

Certain affiliates of the Issuer or the Issuer itself may (i) be the counterparty to the hedge of the Issuer's obligations under an issue of Notes; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Notes; or (iii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes referencing the Reference Assets. Accordingly, there is a risk that certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of Noteholders.

Fees, commission and cost of hedging

The original issue price of the Notes may include the distribution commission or fee charged by the Issuer and/or its affiliates and the cost or expected cost of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue, the price, if any, of the Notes in any secondary market (including the price (if any) at which the Issuer or its affiliates would be willing to purchase Notes from the investor) would be lower than the original issue price. Such fee, commission and cost of hedging may also be deducted from the redemption or settlement amount payable in respect of the Notes. In addition, any such prices may differ from values determined by pricing models used by the Issuer or affiliates as a result of such compensation or other transaction costs.

Effect of general economic conditions on the Notes

The market for debt securities is influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Asia and other countries and regions. There can be no assurance that events occurring elsewhere will not cause market volatility or that such volatility will not adversely affect the price or Notes of that economic and market conditions will not have any other adverse effect.

Hedging activities of the Issuer and affiliates

The Issuer or its affiliates may carry out hedging activities related to the Notes, including purchasing Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index), but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Reference Assets or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) on a regular basis as part of their securities businesses. Any of these activities could potentially affect the value of the reference factor, Reference Asset(s) or securities underlying Reference Assets(s) (where such Reference Asset(s) is an equity index) and, accordingly, the value of the Notes.

Calculation Agent's discretion and valuation

Calculation of the interest payments (if applicable) and/or amount payable in respect of redemption may be by reference to certain specified screen rate(s), level(s) or value(s) published on an exchange or other quotation system, or if any such rate(s), level(s) or value(s) is not displayed at the relevant time a rate or level or value (as applicable) determined by the Calculation Agent in its sole and absolute discretion acting in good faith. The Notes may be redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Accordingly, an investor in the Notes is subject to the risk that the calculation of payments and other determinations under the Notes are conclusively determined by one party which may be the Issuer itself or its affiliates and the investor cannot object to such calculation or determination.

The Calculation Agent may be permitted to use its proprietary models in setting the terms of an adjustment, and it may be difficult for investors to predict the resulting adjustments in advance. In such case, an investor would be subject to the risk that it would be difficult to verify that adjustments made to payments under the Notes are legitimate and consistent with the terms of an issue of Notes without expertise in applying valuation models.

All calculations and determinations made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Issuer and all Noteholders. The Calculation Agent shall have no obligations to the holders of Notes, and shall only have the obligations expressed to be binding on it pursuant to the Terms and Conditions of the Notes.

Exchange rate risks and exchange control risks

The Issuer will generally pay amounts in respect of the Notes in the Settlement Currency (as referred to in the relevant Pricing Supplement). As a result thereof, there are various potential exchange rate risks that investors in the Notes need to consider.

Investor converting amounts paid in the Settlement Currency into the Investor's Currency

If an investor anticipates that it will need to convert payments made under the Notes from the Settlement Currency into a currency of its choice (the "**Investor's Currency**") (for instance, if other obligations of the investor are payable in the Investor's Currency), then the investor is subject to the risk that the currency conversion rate which it must pay for exchanging the Settlement Currency into the Investor's Currency becomes less attractive and therefore decreases the realisable value of its investment.

An appreciation in the value of the Investor's Currency relative to the Settlement Currency at any time would decrease (i) the value of any redemption payable to the investor and (ii) the market value of the Notes, in each case where converted into the Investor's Currency at that time. As a result, the amount that the investors receive in respect of the Notes, as converted, may be less than expected or zero.

Material risks involved in currency conversion

The material risks involved in the currency conversion include the risk that exchange rates may change significantly (including changes due to appreciation of the Investor's Currency relative to the Settlement Currency). It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Notes.

Amounts converted from another currency into the Settlement Currency or calculated by reference to an underlying currency pair

The Pricing Supplement in relation to some Notes may specify that conversion provisions apply in relation to specified payments under the Notes, in which case the amounts of such payments will be converted into the Settlement Currency in accordance with provisions set out in the relevant Pricing Supplement. The relevant Pricing Supplement may also specify in relation to a Series of Notes that certain amounts payable in respect of the Notes are to be determined by reference to the exchange rate(s) between one or more underlying currencies. In any such case, the exchange rate and exchange control risks set out above in relation to the Settlement Currency and the Investor's Currency may apply to the Settlement Currency and the underlying currency and/or such underlying currency pair(s).

If the Issuer is unable to settle payments in the Settlement Currency, the Issuer may, in certain circumstances, settle any payments due under the Notes by payment of the Alternative Payment Currency Equivalent (which will be the currency specified as the Alternative Payment Currency in the relevant Pricing Supplement) (see "*Payment of Alternative Payment Currency Equivalent*" below).

Exchange control risks

Investors in Notes should also be aware that there is the risk that authorities with jurisdiction over the Investor's Currency or Settlement Currency (as applicable) such as government and monetary authorities may impose or modify (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country or region. It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Notes. As a result of exchange controls and restrictions the Issuer may not be able to make payments under the Notes in the Settlement Currency and may therefore pay the equivalent of the amounts due under the Notes in U.S. dollars or another currency. Investors in the Notes will therefore forego any future appreciation or depreciation (as applicable) of the Settlement Currency. See for further details "*Considerations relating to Emerging Markets*".

Payment of Alternative Payment Currency Equivalent

If (i) "Payment of Alternative Payment Currency Equivalent" is specified to be applicable in the relevant Pricing Supplement, (ii) the Settlement Currency for the Notes is Offshore RMB or (iii) the relevant clearing system(s) ceases to accept payments in the Settlement Currency (a "**Clearing System Currency Eligibility Event**"), then, if by reason of a FX Disruption Event, a Clearing System Currency Eligibility Event or any other event specified in the relevant Pricing Supplement as an Additional Alternative Payment Currency Event, the Issuer is not able to satisfy its obligations to pay any amounts due under the relevant Notes in the Settlement Currency, then the Issuer is entitled to make the payments in U.S.$ or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement (the "**Alternative Payment Currency**"). In this case, the investment considerations in the section entitled "*Considerations relating to issue of all Notes — Exchange rate risks and exchange control risks*" would apply as if the Alternative Payment Currency were the Settlement Currency.

Certain considerations regarding hedging

Investors intending to purchase Notes to hedge against the market risk associated with investing in a Reference Asset should recognise that there is a risk that the value of the Notes may not exactly correlate with the value of the Reference Asset to which they relate. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the Reference Asset. In addition, the formula for redemption may be subject to a cap. For these reasons, among others, it may not be possible to purchase or liquidate assets in a portfolio at the prices used to calculate the value of any relevant Reference Asset. Accordingly, investors who invest in Notes as a means of hedging may be exposed to risks arising out of such differences in value.

Value of Baskets

The level and/or value of a basket of Reference Assets to which any Notes relate may be affected by the number of Reference Assets included in such basket. Generally, the level and/or value of a basket that includes Reference Assets from a number of companies or obligors or other components or which gives relatively equal weight to each Reference Asset will be less affected by changes in the level and/or value of any particular Reference Asset included therein than a basket that includes fewer Reference Assets or that gives greater weight to some Reference Assets.

In particular, if the Reference Assets included in a basket are all in or connected with a particular industry, the level and/or value of such basket will be affected to a greater extent by the economic, financial and other factors affecting that industry than if the Reference Assets included in the basket relate to various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

Investors in the Notes are subject to the risk that other risks relating to the Reference Assets which adversely affect the value of the Notes will be exacerbated due to the number of and/or type of Reference Assets.

Change of law

The Terms and Conditions of the Notes are based on English law and relevant tax law in effect as at the date of this Offering Circular. There is a risk that the interpretation and/or effect of the Terms and Conditions of the Notes may be subject to change in such a manner as to adversely affect the contractual rights of holders of the Notes. The value of the Notes may also be affected by changes in the laws of the jurisdiction of listing or incorporation of the issuers of or obligors under the Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index).

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Clearing systems

Because Notes may be held by or on behalf of the relevant clearing system as specified in the relevant Pricing Supplement, investors will be able to trade their interests only through the relevant clearing system and will have to rely on their procedures for transfer, payment and communication with the Issuer to receive payment under the Notes.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the global Notes. Holders of interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

Modification, waiver and substitution

Investors in the Notes are subject to the risk that modifications to the Terms and Conditions of the Notes may be made without the consent of any Noteholders, as the case may be, where the Issuer determines that:

- the modification is not prejudicial to the interests of the Noteholders; or
- where the modification of the Notes is of a formal, minor or technical nature or is made to correct a manifest error or comply with mandatory provisions of law.

Limitations on exercise or trading size

If so indicated in the relevant Pricing Supplement, an investor must tender a specified minimum trading size or total consideration of Notes at any one time in order to exercise or on-sell the Notes. Thus, investors with fewer than the specified minimum trading size or total consideration of Notes will either have to sell their Notes or purchase additional Notes, incurring transaction costs in each case, in order to realise their investment. Furthermore, investors in such Notes incur the risk that there may be differences between the trading price of such Notes and the Maturity Redemption Amount or early redemption amount of such Notes (as applicable).

If specified in the applicable Pricing Supplement, Notes which settle physically in the underlying Reference Asset may only be redeemed in such amounts as will ensure that the number of relevant Reference Assets to be delivered is equal to an integral multiple of the minimum allowed trading amount of the relevant Reference Asset on the relevant stock exchange as from time to time specified by such stock exchange or other market in which the Reference Asset is traded (the "**Minimum Trading Amount**"). Where the exercise of a holding of such physically settled Notes would not result in the purchase of a number of relevant Reference Assets equal to an integral multiple of the relevant Minimum Trading Amount, the Holder will receive the maximum number of relevant Reference Assets equivalent to the maximum integral multiple of the Minimum Trading Amount and may be entitled to a payment in lieu at the option of the Issuer, determined in the sole and absolute discretion of the Issuer, in respect of the remaining Reference Assets unless any such payment is of a *de minimis* amount, in which case, Noteholders shall not receive anything in respect of the remaining Notes. Noteholders will, therefore, either have to sell their Notes or purchase additional Notes, incurring transaction costs in each case, in order to realise their investment.

Risk of automatic/mandatory early redemption or termination

In relation to certain types of Notes early redemption or termination occurs if certain conditions (such as knock-out conditions) set out in the relevant Pricing Supplements are met. Investors should therefore be aware that certain types of Notes may terminate prior to the stated maturity date. As a result investors in such Notes may forego any future interest or other payments as well as any appreciation or depreciation (as applicable) in the underlying Reference Assets.

Notes issued at a substantial discount or premium

The market values of Notes issued at a substantial discount to or premium above their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Early Redemption for Taxation Reasons

The Noteholders are subject to the risk that, Issuer may terminate its obligations under the Notes if the Issuer determines that it would be required to gross-up payments to the holders following a withholding or deduction required by law of taxes, duties, assessments or governmental charges imposed or levied by or on behalf of Hong Kong or, in the case of Notes issued by any New Issuer, the jurisdiction of incorporation of the relevant New Issuer. Following such a determination, the Issuer may terminate its obligations under the Notes against payment of the Early Redemption Amount (Tax) specified in the relevant Pricing Supplement. The Pricing Supplement may specify the Early Redemption Amount (Tax) as being the Fair Market Value of such Note immediately prior to such termination. The Fair Market Value of a Note will be adjusted to account fully for any reasonable costs and expenses of the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and/or funding arrangements. Noteholders may suffer a loss of some or all of their investment as a result of such early termination and will forego any future performance in the relevant Reference Asset and future interest payments applicable to such Notes (if any).

Notes with multiple denominations

Where the Notes are specified as having a denomination consisting of a minimum denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of such minimum denomination that are not integral multiples of the minimum denomination. In such a case, should Definitive Notes be required to be issued, Noteholders who, as result of trading such amounts, hold a principal amount that is less than the minimum denomination may not receive a Definitive Note in respect of such holdings and would need to purchase a principal amount of Notes such that their holding amounts to, or is an integral multiple of, the minimum denomination.

Early Redemption upon the occurrence of an Event of Default

If Notes have become immediately due and payable following an Event of Default (as defined in the Terms and Conditions of the Notes) with respect to the Notes, such Notes may be redeemed early against payment of the Early Termination Amount (as defined in the Terms and Conditions of the Notes). The Pricing Supplement may specify the Early Termination Amount as being the Fair Market Value of such Note immediately prior to such redemption. The Fair Market Value of a Note will be adjusted to account fully for any reasonable costs and expenses of the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and/or funding arrangements. Noteholders may suffer a loss of some or all of their investment as a result of such early redemption and will forego any future performance in the relevant Reference Asset and future interest, payments applicable to such Notes (if any).

Meetings of Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of the holders of Notes of any Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes of such Series including holders of Notes of such Series who did not attend and vote at the relevant meeting and holders of Notes of such Series who voted in a manner contrary to the majority, so investors in the Notes are subject to the risk that the Terms and Conditions of the Notes may be modified without their consent.

The Issuer gives no representation or assurance as to the environmental, social or sustainable impact of any Reference Asset

No representation or assurance is given by the Issuer or any other person that the Reference Asset(s) or securities underlying any Reference Asset(s) (if the Reference Asset is an equity index), satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any direct or indirect environmental, social or sustainable impact of the businesses or products of the Reference Asset(s) or issuers of such Reference Asset(s) or securities underlying such Reference Asset(s). If such environmental, social or sustainable impact is a factor in an investor's decision to invest in Notes, investors should consult with their legal or other advisers before making an investment in such Notes.

Specific risks relating to Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Investors will not benefit from any increases in market interest rates above the fixed rate payable in respect of the relevant Notes.

Specific risks relating to Floating Rate Notes

Variable Returns

Floating Rate Notes have returns that are variable as a result of the method by which the interest is calculated. The rate of interest is not fixed and is tied to the performance of an underlying benchmark and, if so specified in the relevant Pricing Supplement, may be subject to a maximum rate or minimum rate on the interest payable. The rate of interest can periodically go down and therefore return on the Notes is not guaranteed and may in a worst case become zero (or, if a minimum rate of interest is specified, the minimum rate of interest). Investors should be aware that in respect of Floating Rate Notes which are subject to a maximum interest rate, investors will not benefit from any increases of the underlying benchmark above such maximum interest rate.

The market continues to develop in relation to near risk-free rates which may be reference rates for Floating Rate Notes

To avoid the problems associated with the potential manipulation and financial stability risks of IBORs, regulatory authorities in a number of key jurisdictions are requiring financial markets to transition away from IBORs to near risk-free rates which exclude the risk-element of interbank lending. Near risk-free rates may differ from IBORs in a number of material respects. In particular, in the majority of relevant jurisdictions,

the chosen near risk-free rate is an overnight rate (for example, the Sterling Overnight Index Average ("**SONIA**") in respect of GBP, the Secured Overnight Financing Rate ("**SOFR**") in respect of USD, the euro short-term rate ("**€STR**") in respect of EUR, the Singapore Overnight Rate Average ("**SORA**") in respect of SGD and the Tokyo Overnight Average Rate ("**TONA**") in respect of JPY), with the interest rate for a relevant period calculated on a backward looking (compounded or simple weighted average) basis, rather than on the basis of a forward-looking term. As such, investors should be aware that near risk-free rates may behave materially differently from LIBOR, the Euro Interbank Offered Rate ("**EURIBOR**") and other IBORs as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore may perform differently over time to an unsecured rate.

Investors should also be aware that the market continues to develop in relation to near risk-free rates such as SONIA, SOFR, €STR, SORA and TONA as reference rates in the capital markets. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, SOFR, €STR, SORA and TONA including various ways to produce term versions of risk-free rates (which seek to measure the market's forward expectation of an average of such rates over a designated term).

The market or a significant part thereof (including the Issuer) may adopt an application of SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rate that differs significantly from that set out in the Terms and Conditions of the Notes (including in relation to fallbacks in the event that such rates are discontinued or fundamentally altered) and used in relation to Floating Rate Notes referencing near risk-free rates such as SONIA, SOFR, €STR, SORA and/or TONA issued under this Programme.

Since near risk-free rates are relatively new in the market, Notes linked to such rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rate, such as the spread over the rate reflected in interest rate provisions, may evolve over time, and trading prices of the Notes linked to SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rate may be lower than those of later-issued debt securities linked to the same rate as a result.

In addition, the manner of adoption or application of SONIA, SOFR, €STR, SORA or TONA and/or any other near risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of such rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes referencing SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rates. Investors should consider these matters when making their investment decision with respect to any such Notes.

Historical levels are not an indication of future levels

Hypothetical or historical performance data and trends are not indicative of, and have no bearing on, the potential performance of near risk-free rates and therefore Noteholders should not rely on any such data or trends as an indicator of future performance. Daily changes in near risk-free rates have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of debt securities linked to near risk-free rates may fluctuate more than floating rate securities that are linked to less volatile rates. The future performance of any near risk-free rate is impossible to predict, and therefore no future performance of any near risk-free rate should be inferred from any hypothetical or historical data or trends.

Calculation of Interest Rates based on near risk-free rates are only capable of being determined at the end of the relevant Interest Period

Interest on Notes which reference near risk-free rates such as SONIA, SOFR, €STR, SORA and TONA is only capable of being determined at the end of the relevant Interest Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes that reference such rates to reliably estimate the amount of interest that will be payable on such Notes. Further, if the Notes become due and payable under Condition 6.1 (*Events of Default*), the Interest Rate applicable to the Notes shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

The Issuer has no control over the determination, calculation or publication of near risk-free rates

The Issuer has no control over the determination, calculation or publication of SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rate. There can be no guarantee that such rates will not be fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Notes linked to the relevant rate. If the manner in which the relevant near risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Near risk-free rates may cease to be available

There can be no guarantee that SONIA, SOFR, €STR, SORA, TONA and/or any other near risk-free rate will not cease to be published, be discontinued, be suspended and/or be otherwise unavailable for use by the Issuer.

In relation to a near risk-free rate, a discontinuation (or certain other events which may affect the Reference Rate) may constitute a Benchmark Trigger Event (as further described in the risk factor entitled "A Benchmark Trigger Event could occur in relation to the Notes").

If (i) an Index Cessation Event and an Index Cessation Effective Date have both occurred, or (ii) an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have both occurred (the "**RFR triggers**"), this may result in the relevant near risk-free rate applicable to the Notes being replaced with a rate which has been recommended as a replacement for that near risk-free rate by a relevant government or regulatory body or committee. These replacement rates are uncertain and no market convention currently exists, or may ever exist for their determination. In the event that the relevant replacement rate is not available, or if the relevant RFR triggers subsequently occur with respect to the relevant replacement rate, then the rate applicable to the Notes may be determined by reference to a further fallback rate, which may be an official central bank rate.

In each of these circumstances, the Issuer may without the consent of the Noteholders be entitled to make adjustments to the Terms and Conditions of the Notes to give effect to the relevant replacement rate in a manner that may be materially adverse to the interests of investors in the Notes, including, without limitation, adjustments to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes.

Any of the above-mentioned determinations may require the exercise of discretion and the making of subjective judgements. The rate applicable to the Notes may be set by the Calculation Agent or the Issuer in its discretion.

The circumstances which can lead to the trigger of an Index Cessation Event or Benchmark/Administrator Event are beyond the Issuer's control and the subsequent use of a replacement rate following any such event may result in changes to the Terms and Conditions of the Notes and/or interest payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on any such Notes if the relevant near risk-free rate remained available in its current form. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Specific risks relating to Zero Coupon Notes

If the Notes are Zero Coupon Notes, the Issuer will not make any interest payments with respect to the Notes.

Notes subject to optional early redemption by the Issuer

An optional early redemption feature allowing the Issuer to redeem the Notes prior to their maturity is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Investors should consider reinvestment risk in light of other investments available at that time. As a result of the exercise of a call right by the Issuer, investors will forego any further interest payments (if any) in respect of the Notes and, if so specified in the Pricing Supplement, investors may receive less than their invested amount.

Effect of interest rates on the Notes

Investors in Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes. Investments in the Notes may involve interest rate risk with respect to the currency of denomination of the Notes. A variety of factors influence interest rates such as macro-economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.

FX Rates

The value of certain Notes may be affected by changes in foreign exchange rates. For example, an appreciating U.S.$ relative to local currency may lower the value of the relevant Notes while a depreciating U.S.$ may increase the value of the relevant Notes.

Specific risks relating to DR-Linked Notes

Investors in DR-Linked Notes are subject to the risk that the relevant Deposit Agreement is or will be terminated. Following such event, any reference to any Depositary Receipt(s) shall be construed as a reference to the relevant Underlying Securities and the Calculation Agent may make such adjustment(s) as it determines to be appropriate to the relevant Notes and the effective date of such adjustment(s). Such adjustments may adversely affect the value of the relevant DR-Linked Notes and/or any amount payable on redemption or termination of the DR-Linked Notes and the holders thereof may suffer a loss of some or all of their investment as a result.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Taxation in relation to the Notes

Transactions involving the Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Stamp duty, stamp duty reserve tax and/or similar transfer taxes may be payable on any transfer (actual or deemed) or agreement to transfer assets in cases where obligations of the Issuer under the Notes are physically settled.

Potential investors who are in any doubt about the tax consequences of purchasing any Notes should consult and rely on their own tax advisors.

U.S. withholding tax may apply to Notes linked to Reference Asset(s) that are securities issued by U.S. issuers

Where Notes are linked to Reference Asset(s) and some or all of the Reference Asset(s) are securities of U.S. issuers, certain payments made to holders on such Notes may be subject to U.S. withholding tax (up to 30 per cent., depending on the applicable treaty or other exemption) under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") to the extent such payments are treated as "dividend equivalent" payments. In addition, U.S. withholding tax under Section 871(m) of the Code could be imposed on holders of the Notes to the extent U.S.-source dividends are paid on the Reference Asset(s), even if no corresponding payment is made on the Notes to such holders. If U.S. tax is required to be withheld under Section 871(m) of the Code, the Issuer will not be required to pay any additional amounts with respect to the withheld amounts. See "*Taxation — U.S. Dividend Equivalent Payment Withholding*" below.

Provision of information

None of the Issuer or any of its affiliates is under any obligation to provide information in respect of any Reference Asset or the securities underlying Reference Asset(s) (where the Reference Asset(s) is an equity index) or monitor whether or not any event or circumstance in respect of such Reference Asset(s) has occurred unless it is explicitly and positively stated that such person will do so. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to one or more Reference Assets or the securities underlying Reference Asset(s) (where the Reference Asset(s) is an equity index). The Issuer is not under any obligation to make such information available to holders of such Notes. Therefore, an investor in the Notes should obtain and evaluate information concerning the relevant Reference Asset(s) or securities as it would if it were investing directly in such Reference Asset or securities.

Risks relating to benchmark reform and transition

Regulation and reform of "benchmarks"

The LIBOR, the EURIBOR and other indices which are deemed "benchmarks" are the subject of ongoing national, international and other regulatory guidance and reform. Some of these reforms are already effective whilst others are yet to apply. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark". For example, following an announcement by the FCA on 5 March 2021 (the "**FCA LIBOR Announcement**"), immediately after 31 December 2021, all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month U.S. dollar settings, either ceased to be provided by any administrator or became unrepresentative of the relevant underlying market. The FCA LIBOR Announcement also provided that the remaining U.S. dollar settings would similarly either cease to be provided or would become unrepresentative immediately after 30 June 2023.

Regulation (EU) 2016/1011, as amended (the "**EU Benchmarks Regulation**"), and Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**"), apply to the provision of benchmarks and the contribution of input data to a benchmark within the EU or the UK (as applicable) and prevent certain uses by EU or UK supervised entities (as applicable) of "benchmarks" of unauthorised administrators.

The EU Benchmarks Regulation and the UK Benchmarks Regulation, together with other international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could have a material impact on any Notes linked to a "benchmark". Such reforms could result in changes to the manner of administration of "benchmarks", with the result that such "benchmarks" may perform differently than in the past (and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level) or may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes for certain benchmarks.

A Benchmark Trigger Event could occur in relation to the Notes

A "**Benchmark Trigger Event**" (as defined in the Terms and Conditions of the Notes) may occur in relation to any Notes linked to a "benchmark" in a number of scenarios, including:

- where there is an event or circumstance which has the effect that the Issuer or the Calculation Agent is not or will not be, permitted under any applicable law or regulation to use a benchmark (as defined in the Terms and Conditions of the Notes) to perform its or their obligations under the Notes; or

- certain other events (including, without limitation, an announcement by or on behalf of the administrator, regulatory supervisor for the administrator, the central bank for the currency of a benchmark, an insolvency official with jurisdiction over the administrator for a benchmark, a resolution authority with jurisdiction over the administrator for a benchmark or a court or an entity with similar insolvency or resolution authority over the administrator of a benchmark that such benchmark has ceased or will cease to be provided permanently or indefinitely) determined to have occurred by the Issuer.

Determination of a Benchmark Trigger Event

The circumstances with respect to a Relevant Benchmark that may lead to the occurrence of a Benchmark Trigger Event are beyond the Issuer's control. However, in all cases, the Issuer will make a determination as to whether the relevant circumstances have arisen.

In making a determination as to whether the occurrence of the relevant circumstances constitute a Benchmark Trigger Event, the Issuer may take into consideration any factors the Issuer considers relevant to such determination (including prevailing market practice and the impact of such circumstances on any related hedging arrangement of the Issuer and/or its affiliates) and may exercise its discretion and make subjective judgements. The Issuer is under no obligation to act in the best interests of the holders of the Notes in making such determination, and there is no guarantee that the determinations made by the Issuer will lead to the best possible outcome for investors.

Consequences of the occurrence of a Benchmark Trigger Event

The occurrence of a Benchmark Trigger Event in relation to a Relevant Benchmark to which the Notes are linked could result in such Relevant Benchmark being deemed replaced (for the purposes of the Notes) with an alternative benchmark (a "**Replacement Index**") selected by the Issuer (or any Alternative Pre-nominated Index specified in the Pricing Supplement as applicable), adjustment to the terms and conditions pursuant to Condition 11A (Consequences of a Benchmark Trigger Event), early redemption or termination, discretionary valuation by the Issuer and/or the Calculation Agent, delisting or other consequences in relation to Notes linked to such Relevant Benchmark.

There can be no assurance that the amounts payable to investors in relation to any Notes following the application of a Replacement Index or the Alternative Pre-nominated Index pursuant to Condition 11A (Consequences of a Benchmark Trigger Event), and any related adjustments to the terms and conditions of the relevant Notes, will correspond with the amounts that investors would have received if the original Relevant Benchmark had continued to apply, and investors may accordingly receive less than they would otherwise have received.

The determination and use of a Replacement Index following the occurrence of a Benchmark Trigger Event may result in changes to the Terms and Conditions of the Notes and/or payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on such Notes if the Relevant Benchmark remained available in its current form. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Regulatory initiatives may restrict certain investments and have an adverse impact on the regulatory treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the derivatives and structured securities industries. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may restrict investment in certain Notes, have an

adverse impact on the regulatory position for certain investors and/or on the incentives for certain investors to hold Notes and may thereby also affect the liquidity of such Notes in the secondary market. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer or the Dealers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment at the time of such investment or at any time in the future. Prospective investors should therefore make themselves aware of the changes and requirements applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

French financial transactions tax

Pursuant to Article 235 *ter* ZD of the French tax code, acquisitions for consideration of equity securities (*titre de capital*) within the meaning of Article L 212-1 A of the French Monetary and Financial Code or assimilated equity securities in the meaning of Article L 211-41 of the French monetary and financial code that provide or could provide access to capital or voting rights, resulting in a transfer of ownership within the meaning of Article L 211-17 of the French Monetary and Financial Code (that is resulting from the registration of the acquired securities in the securities accounts of the purchaser), are admitted to trading on a French, European or foreign regulated market within the meaning of Articles L 421-4, L 422-1 or L 423-1 of the French Monetary and Financial Code and issued by a company having its head office in France and whose market capitalisation as of 1 December of the year preceding the year in which the acquisition occurs exceeds EUR1 billion ("**French Qualifying Securities**"), are subject to the French financial transactions tax ("**French FTT**"), levied at the rate of 0.3 per cent. The French FTT also applies to an acquisition of securities (irrespective of which entity issued such securities) when these securities represent French Qualifying Securities ("**Synthetic French Qualifying Securities**"). If applicable, the cost of the French FTT may be deducted from the amounts payable to the Noteholders.

The French FTT could also be triggered if the Issuer and/or its affiliates choose to purchase Reference Assets or securities underlying Reference Indices to hedge their exposure under the Notes if such Reference Assets or securities underlying Reference Indices are French Qualifying Securities or Synthetic French Qualifying Securities and assuming none of the French FTT exemptions provided for by Article 235 *ter* ZD of the French tax code apply to the relevant acquisition. If applicable, the cost of this French FTT may be deducted from the amounts payable to the Noteholders.

If physical settlement of the Notes would give rise to an acquisition of French Qualifying Securities or Synthetic French Qualifying Securities, the French FTT would apply to this acquisition (assuming none of the French FTT exemptions provided for my Article 235 *ter* ZD of the French tax code applies) and the corresponding cost may be charged to the Noteholders.

If the French FTT applies to an acquisition of French Qualifying Securities or Synthetic French Qualifying Securities, such transaction is exempt from transfer taxes (droits de mutation à titre onéreux) which generally apply at the rate of 0.1 per cent., to the sale of shares issued by a company whose registered office is situated in France, **provided that** in the case of shares listed on a recognised stock exchange, transfer taxes are only due if the transfer is evidenced by a written deed or agreement.

Spanish financial transactions tax

On 16 October 2020, the Spanish Parliament approved the Law 5/2020, of 15 October, on the Tax on Financial Transactions ("**Spanish FTT Law**") introducing the Spanish FTT that has entered into force on 16 January 2021.

The Spanish FTT is an indirect tax levied on the acquisitions for consideration of shares issued by Spanish companies regardless of the residency of the parties involved in the transaction, or of the jurisdiction where the shares are traded, **provided that** they comply with the following conditions: (i) the shares should be admitted to trading on a regulated market under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (or in a foreign market declared equivalent by the European Commission), and (ii) the stock market capitalisation value of the company should exceed €1,000,000,000 (the "**Qualifying Shares**").

The taxable base of the Spanish FTT is the total consideration paid excluding certain items such as transaction costs and intermediary fees. The applicable rate is 0.2 per cent.

In principle, Spanish FTT does not apply to the acquisition of financial instruments (including derivatives) different from Qualifying Shares or certificates of deposit representing such Qualifying Shares (the "**Qualifying Certificates of Deposit**") such as the Notes. However, if the liquidation or settlement of such financial instrument results in the physical delivery of Qualifying Shares or Qualifying Certificates of Deposit, Spanish FTT may be triggered.

Italian financial transactions tax may apply to Notes linked to Reference Assets that are securities issued by Italian issuers

In addition to the risk factors set out above, the following risk factor also applies for Notes relating to Reference Assets (including through underlying a Reference Index) for which the reference jurisdiction is Italy.

A financial transaction tax ("**Italian FTT**") has been introduced under Italian law (pursuant to Article 1, paragraphs 491-500, of Law 24 December 2012, no. 228, as implemented by Ministerial Decree issued on 21 February 2013 and amended by Ministerial Decree issued on 16 September 2013). The Italian FTT applies, *inter alia*, on cash settled derivatives ("**Italian FTT on Derivatives**") executed or modified on or after 1 September 2013, both traded or not on Qualifying Markets (as defined below) and unlisted, whose underlying are mainly shares or participating financial instruments issued by Italian resident companies or the value shares issued by Italian resident companies. The condition is met when more than 50 per cent. of the equity portion of the underlying is represented by the market value of shares or participating financial instruments issued by Italian resident companies.

Accordingly, there is a risk that the Italian FTT on Derivatives could be triggered where the issuer of a Reference Asset or Reference Index, as applicable, relating to the Notes, where deemed to represent the underlying equity instruments or characterised as derivative instruments (the "**Affected Instruments**"), is an Italian resident or the issuer of a security underlying a Reference Index is an Italian resident. Residence and nationality of the Issuer and any holder of the Affected Instruments, and the place of execution of the Affected Instrument would be irrelevant as the application of the Italian FTT on Derivatives is exclusively dependent on the residence of the issuer of the underlying Reference Asset or of the securities underlying a Reference Index.

The Italian FTT on Derivatives applies at a fixed amount, due from both parties equally, as follows:

- Index-linked Affected Instruments where a security that forms part of the Reference Asset is issued by an Italian-resident company: from EUR0.01875 to EUR15, depending on the notional value of the contract;

- Equity-Linked Affected Instruments where an underlying Reference Asset is issued by an Italian resident company: from EUR0.125 to EUR100, depending on the notional value of the contract; and

- Affected Instruments linked to a basket of Reference Assets or Reference Indices, as applicable: from EUR0.25 to EUR200 depending on the notional value of the contract.

The above amounts are reduced by 80 per cent. where the transaction is implemented in a regulated market or in a multilateral trading facility. An investor in the Affected Instrument is subject to the risk that payments under the Affected Instruments will be adversely affected by this Italian transaction tax as these charges will be deducted from the Maturity Redemption Amount.

The issuance of financial instruments qualifying as transferable securities ("*valori mobiliari*") according to article (1)(1-bis)(c) of Legislative Decree no. 58 of 24 February 1998, is exempt from Italian FTT on Derivatives. The Italian Ministry of Finance clarified that, following the issuance, if a number of intermediate transfers (e.g. intermediate transfers between financial intermediaries) are required before the initial placement of the Notes to the ultimate investors, said intermediate transfers are exempt from Italian FTT. However, Italian FTT will apply to the transactions following the initial placement. In the case of cash-settled transferable securities, the cash settlement of such transferable securities is a transaction outside the scope of Italian FTT on Derivatives.

Besides the Italian FTT on Derivatives, the Italian FTT also applies to transfers of certain shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter ("**Italian FTT on Shares**"), both traded or not on Qualifying Markets (as defined below) and unlisted.

Italian FTT on Shares applies on transactions negotiated and settled as from 1 March 2013. Accordingly, there is a risk that the Italian FTT on Shares could be triggered where the Issuer and/or its affiliates choose to purchase Reference Assets or securities underlying the Reference Assets (where such Reference Asset is an equity index) to hedge their exposure under the Affected Instruments if such securities are shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter and are not exempted from the Italian FTT requirement ("**in-scope securities**"). Residence and nationality of the parties to the transaction and the place of execution of the transaction would be irrelevant as the application of the Italian FTT on Shares is exclusively dependent on the residence of the issuer of the in-scope securities.

The Italian FTT on Shares would be applicable in the case in-scope securities are transferred to investors in Affected Instruments upon physical settlement of the relevant Affected Instruments.

The Italian FTT on Shares is to be levied at the following rates, which would be due from the Issuer and/or its Affiliates on acquisition of the shares:

- 0.1 per cent. of the acquisition price on transfers transacted on a Qualifying Market (as defined below); and

- 0.2 per cent. of the acquisition price otherwise.

For the purpose of the application of the lower rate, Qualifying Markets are deemed to be:

(i) regulated markets or multilateral trading facilities pursuant to Article 4, paragraph 1, points 21 and 22 of Directive 2014/65/EU, as amended, of an EU Member State and of an EEA Member State which allows an adequate exchange of information with Italy (listed on the ESMA portal); or

(ii) "*regulated markets and multilateral trading facilities in regular operation and authorized by a National Public Authority with State supervision, including those*" recognised by the Italian regulator Consob, established in an EU Member State or a state which allows for an adequate exchange of information with Italy.

Council Decision (EU) 2020/135 of 30 January 2020 approved the agreement on the withdrawal of the United Kingdom from the European Union. Pursuant to Article 127 of the withdrawal agreement EU law was applicable to and in the United Kingdom during a transitional period, which elapsed on 31 December 2020. The consequences of the withdrawal of the United Kingdom from the European Union on the Italian FTT are still unclear since there are no official guidelines from the Italian tax authorities or from the Ministry of Economics and Finance to date. However, it is reasonable to expect (though it is not officially confirmed) that regulated markets and multilateral trading facilities established in the United Kingdom should be considered as Qualifying Markets if they are "regulated markets and multilateral trading facilities in regular operation and authorized by a National Public Authority with State supervision" as per (ii) above, regardless of whether the United Kingdom is no longer part of the EU or the EEA.

Italian FTT on Derivatives and Italian FTT on Shares are required to be levied and subsequently paid to the Italian tax authority by financial intermediaries (e.g. banks, trusts and investment companies) or other subjects involved in the execution of the transaction). Where more intermediaries are involved in the execution of the transaction, Italian FTT on Derivatives and Italian FTT on Shares is payable by the subject who receives the order of execution directly from the ultimate purchaser or counterparty. Intermediaries and other non Italian resident subjects having no permanent establishment in Italy which are liable to collect and pay Italian FTT on Derivatives and Italian FTT on Shares to the Italian tax authority may appoint an Italian tax representative for the purposes of collecting and paying the Italian FTT on Derivatives and Italian FTT on Shares. If no intermediary or other subjects are involved in the transaction, Italian FTT on Derivatives and Italian FTT on Shares is directly paid by the ultimate purchaser or counterparty.

The Financial Institutions (Resolution) Ordinance may override the contractual terms of, and adversely affect, the Notes

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorized institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which includes the Bank as the issuer of the Notes. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorized institution or within scope financial institution in Hong Kong. In particular, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes (whether senior or subordinated) may become subject to and bound by the FIRO.

On 25 June 2021, the government of Hong Kong published the Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights — Banking Sector) Rules (the "**Stay Rules**") in the Gazette. The Stay Rules have come into operation on 27 August 2021 following completion of the vetting process by the Legislative Council of Hong Kong. Subject to certain transitional periods, entities subject to the Stay Rules are required to adopt appropriate provisions in certain financial contracts to the effect that the contractual parties agree to be bound by the temporary stay that may be imposed by the Hong Kong Monetary Authority under the FIRO, which may in turn affect any in-scope financial contracts between a qualifying entity and its counterparty(ies).

As the implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules, the Bank is unable to assess the full impact of FIRO, the Stay Rules, any potential secondary legislation and/or supporting rules and regulations made under FIRO on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries, its operations and/or its financial position.

People's Republic of China — China Connect

General

In respect of Notes linked to China Connect Underlyings (as defined below) that are eligible securities listed and traded on any stock exchange (each a "**China Connect Market**") in mainland China which are acceptable to the Hong Kong Stock Exchange under any securities trading and clearing links programme developed by the Hong Kong Stock Exchange, any such China Connect Market, HKSCC and the China Securities Depository and Clearing Corporation ("the "**CSDCC**") for the establishment of mutual market access between the Hong Kong Stock Exchange and any such China Connect Market ("**China Connect**", such securities being "**China Connect Underlying**" and the trading of China Connect Underlying through the Hong Kong Stock Exchange being "**Northbound Trading**"), such Notes reflect the risks of an investment in such China Connect Underlyings by an investor (a "**China Connect Investor**") purchasing such China Connect Underlyings through Northbound Trading under China Connect.

If the rules and regulations relating to China Connect become subject to change in the future, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and redeem the Notes at Fair Market Value. The China Connect Investor is subject to the risk that such value may be less than what the Noteholders had expected. Furthermore, if a China Connect Share Disqualification or a China Connect Service Termination occurs, the Issuer may, at its sole and absolute discretion, determine to adjust certain terms of the Notes or redeem the Notes early. Noteholders may suffer a loss of some or of all of their investment as a result of such adjustment or early redemption and will forego any future performance in the relevant China Connect Underlying that may occur following such redemption.

Regulatory requirement

Investments by China Connect Investors under Northbound Trading are subject to, amongst other things, restrictions on maximum percentage holding of the shares issued by a company listed in mainland China (both on a single foreign investor basis and on an aggregate foreign investor basis).

The investor in the Notes will be subjected to the effect of equivalent restrictions and controls to those imposed on China Connect Investors. Therefore, if China Connect Investors became unable to invest directly in or alternatively hold China Connect Underlying or China Connect Investors were not allowed to sell or receive proceeds from the sale of such China Connect Underlying, the value of the Notes may be adversely affected and, in the worst case, may become worthless.

Trading quotas under China Connect

Although there is no longer an aggregate quota limitation, trading China Connect Underlying through China Connect is still subject to a daily quota (the "**Daily Quota**"). The Daily Quota under China Connect is applicable to the whole market and limits the maximum net buy value of cross-boundary trades under China Connect each day. Daily Quota limitations may prevent China Connect Investors from purchasing China Connect Underlyings when it is otherwise advantageous to do so. In particular, once the remaining balance of the relevant Daily Quota drops to zero or the Daily Quota is exceeded, buy orders will be rejected (although the China Connect Investors will be permitted to sell their China Connect Underlyings regardless of the quota balance).

Under the rules of the Hong Kong Stock Exchange, it will be possible to sell China Connect Underlyings through China Connect irrespective of whether there is a breach of the Daily Quota. If Northbound Trading is suspended as a result of a breach of the Daily Quota, none of the entities in the Bank Group will be able to submit any further buy orders and any buy orders received but not yet routed to the market may be rejected or delayed until sufficient quota is available. The regulators may also announce further requirements on China Connect which may vary, amend or supplement the requirements as currently known. Any corporate action adjustment shall be determined by the Calculation Agent in accordance with the terms of the Notes, with reference to the then applicable laws, rules, regulations and guidance in relation to China Connect. Therefore, if China Connect Investors became unable to invest directly in or alternatively hold China Connect Underlying or China Connect Investors were not allowed to sell or receive proceeds from the sale of such China Connect Underlying, the value of the Notes may be adversely affected and, in the worst case, may become worthless.

Taxation issues

The amount of a payment to the investor under the Notes may be decreased to take into account the effect of taxes (including financial transaction taxes, any taxes, duties and similar charges in mainland China, including, without limitation, any enterprise income tax, stamp duty or value-added tax) on or in connection with an investment in the Reference Assets. There is a risk that tax law or practice will change in the future resulting in the imposition of or increase in tax on an investment in, or disposition of, Reference Assets. This will result in a decrease of the amounts payable under the Notes.

The PRC Ministry of Finance ("**MOF**"), the State Administration of Taxation ("**SAT**") and the China Securities Regulatory Commission ("**CSRC**") jointly released Caishui [2014] No. 81 dated 31 October 2014 defining that dividends from A-share investments by investors from the Hong Kong market are not subject to the differentiation tax policies based on the shareholding period for the time being, but subject to a 10 per cent. enterprise income tax ("**EIT**") withholding by the listed company before HKSCC is able to provide details on identities and shareholding periods of investors to the CSDCC from 17 November 2014. However, investors from the Hong Kong market may apply to the relevant tax authorities for tax relief in respect of dividend payments under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident jurisdictions. The same circular (Caishui [2014] No. 81) grants temporary exemption from EIT and Business Tax ("**BT**") for the gains arising from the sale of A-shares of a company listed on the Shanghai Stock Exchange and traded through Shanghai-Hong Kong Stock Connect, effective 17 November 2014. It is uncertain whether or when such exemptions may expire. On 23 March 2016 the MOF and SAT jointly issued Caishui [2016] No. 36 which provides detailed implementation guidance on the further rollout of the Value-Added Tax ("**VAT**") reform. From 1 May 2016 VAT replaced BT to cover all sectors that used to fall under the BT. Caishui [2016] No. 36 grants temporary VAT exemption

on gains arising by Hong Kong market investors from trading A-shares listed on the Shanghai Stock Exchange and traded through the Shanghai-Hong Kong Stock Connect. On 5 November 2016, MOF, SAT and CSRC jointly issued Caishui [2016] No. 127, which provides that since 5 December 2016, Hong Kong market investors are temporarily subject to EIT on dividends from the relevant A-shares of a company listed on the Shenzhen Stock Exchange and traded through the Shenzhen-Hong Kong Stock Connect at a rate of 10 per cent., but are temporarily exempted from EIT and VAT on the gains arising from trading such A-shares. Both circulars (Caishui [2014] No. 81 and Caishui [2016] No. 127) provide that title transfer of shares by Hong Kong market investors under China Connect because of a sale, inheritance or gift is subject to stamp duty in mainland China. Circular Caishui [2016] No. 127 also provides that stamp duty on covered short selling is temporarily exempted, and this is applicable to Hong Kong market investors through both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. If any taxes, duties and similar charges in mainland China (including, without limitation, any EIT, stamp duty or VAT) are applicable to the trading of Reference Assets, it may result in a Hedging Disruption or an Increased Cost of Hedging and the Issuer will determine whether to redeem the Notes. If the Issuer determines not to redeem the Notes, the Calculation Agent may make such adjustments as it determines to be appropriate to the terms of the Notes. This may result in a lower payment by the Issuer to the Noteholders.

People's Republic of China — Notes linked to mainland China underlyings that are not China Connect Underlyings

General

In respect of Notes linked to the performance of underlyings of the securities market in mainland China that are not China Connect Underlyings, any hedging arrangements entered into by the Issuer in connection with such Notes may be carried out by the Issuer and/or its designated affiliates in compliance with and subject to the regime for a Qualified Foreign Investor ("**QFI**", which is a merged regime for the Qualified Foreign Institutional Investor ("**QFII**") scheme and the Renminbi Qualified Foreign Institutional Investor ("**RQFII**") scheme, effective from 1 November 2020). The legal and regulatory requirements under the QFI regime and the developments and changes thereof may affect the ability of the Issuer and/or its designated affiliates to continue such hedging arrangements. In addition, the Issuer may be subject to other regulatory regimes in mainland China in connection with arrangements relating to such Notes, including those relating to any maximum size of holdings.

If the QFI regime or any other applicable regulatory regime in mainland China changes after the issue date of the relevant Notes, and it is determined that an Additional Disruption Event in the form of Hedging Disruption, Change in Law or Increased Cost of Hedging has occurred as a result, the Issuer may, at its sole and absolute discretion determine to adjust certain terms of the Notes (as applicable) or redeem the Notes early at their Fair Market Value. Noteholders may suffer a loss of some or of all of their investment as a result of such adjustment or early redemption or termination (as the case may be) and will forego any future performance in the relevant underlying that may occur following such redemption or termination.

Taxation issues

In respect of the QFIIs, (currently referred to as QFIs), the MOF and SAT of the government of the PRC jointly issued a circular (Caishui [2005] No. 155 on 1 December 2005) to state that gains arising from securities trading through approved securities brokers will be exempted from BT. On 23 March 2016 the MOF and SAT jointly issued Caishui [2016] No. 36 which provides the detailed implementation guidance on the further rollout of the Value-Added Tax reform. From 1 May 2016 VAT replaces BT to cover all sectors that used to fall under the BT. Caishui [2016] No. 36 grants temporary VAT exemption on gains realised by QFII from securities trading through domestic entrusted companies (securities brokers). In addition, SAT has clarified in a circular (Guoshuihan [2009] No. 47 dated 23 January 2009) that dividends and interest payments to QFIIs derived from mainland China are subject to a 10 per cent. withholding of EIT. However, QFIIs may apply to the relevant tax authorities for tax relief in respect of any returns on dividends and interest payments derived in mainland China under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident jurisdictions. MOF, SAT and CSRC jointly issued a circular (Caishui [2014] No. 79 on 31 October 2014) to state that gains derived by QFII/RQFII (currently collectively referred to as QFIs) from the transfer of equity investment, including the stocks within China is temporarily exempt from EIT starting from 17 November 2014. Gains realised before 17 November 2014 by QFIIs/RQFIIs who are not a tax resident from mainland China are subject to 10 per cent. EIT. However, it is uncertain how long the temporary exemption will last, and whether it will be

repealed and re-imposed retrospectively. It is not entirely clear whether gains realised on trading of debt investments are out of the scope of EIT. In respect of foreign institutional investors outside mainland China, SAT has stated in a circular (Guoshuihan [2010] No. 183 dated 6 May 2010) that withholding obligations exist for dividends on B shares to any non-resident institution shareholder in the same manner as dividends on other listed shares issued by mainland China tax resident companies. For bond interests, on 7 November 2018, MOF and SAT issued Caishui [2018] No. 108, which grants a three-year exemption from EIT and VAT for bond interest from China bond market derived by overseas institutional investors (such as QFIs) that do not have a presence or establishment in China or do not derive the relevant income from such presence or establishment. The effective period of the exemption is from 7 November 2018 to 6 November 2021 and has been further extended to 31 December 2025 in accordance with Caishui [2021] No. 34. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose income tax and/or other tax categories on realised gains by foreign institutional investors (as the case may be) from dealing in mainland China equities, bonds and/or other securities.

The MOF and SAT jointly released Announcement [2023] No. 39 dated 27 August 2023, which stated that sale of shares or share based depository receipts (DRs) in national security exchanges are subject to halved stamp duty starting from 28 August 2023. The stamp duty is 0.1 per cent. of market value of shares traded before 28 August 2023, and reduced to 0.05 per cent. with effective from 28 August 2023.

Should any change in tax law, or any clarification regarding tax law, in mainland China after the issue date of the relevant Notes result in the occurrence of an Additional Disruption Event in the form of a Change in Law, Hedging Disruption or Increased Cost of Hedging, the Issuer may, at its sole and absolute discretion determine to adjust certain terms of the Notes (as applicable) or redeem the Notes early at their Fair Market Value. Noteholders may suffer a loss of some or of all of their investment as a result of such adjustment or early redemption or termination (as the case may be) and will forego any future performance in the relevant underlying that may occur following such redemption or termination.

Risk associated with ChiNext Shares and STAR Shares

Trading any A-shares listed on (i) the ChiNext Board of the Shenzhen Stock Exchange ("**SZSE**") ("**ChiNext Shares**") and/or (b) the Science and Technology Innovation Board of the Shanghai Stock Exchange ("**SSE**") ("**STAR Shares**") is of high risk as the rules and listing requirements of the ChiNext market and the STAR market are less stringent than those of the SZSE main board and the SSE main board, as applicable. Furthermore, it may be more common for companies listed on ChiNext Board and STAR Board to be delisted. Thus, ChiNext Shares and STAR Shares may be very volatile and illiquid. Noteholders should be aware of such risks and only make decisions to invest after thorough and careful consideration.

4. Considerations relating to Notes denominated and/or settled in Renminbi

Notes denominated and/or settled in Renminbi (the "**RMB Notes**") may be issued under the Programme. Prospective investors should carefully take into account the following considerations, in addition to the other information contained in this Offering Circular, before investing in the RMB Notes.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into or out of mainland China which may adversely affect the availability of Renminbi offshore

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies including Hong Kong dollar. However, there has been a significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Remittance of Renminbi by foreign investors into and out of mainland China for the purposes of capital account items such as capital contributions, debt financing and securities investment, is generally only permitted on a case-by-case basis upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in mainland China on the remittance of Renminbi into and out of mainland China for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, and the People's Bank of China ("**PBoC**") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will continue to liberalise control over cross border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in mainland China will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of mainland China. Notwithstanding the Renminbi internationalisation efforts in recent years, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated outside mainland China in Renminbi, this may affect the overall availability of Renminbi outside mainland China, which may have a negative impact on the liquidity of the Notes and thus the value of the Notes. In addition, if Renminbi outside mainland China is unavailable, this will have an impact on the ability of the Issuer to source Renminbi to finance its obligations under RMB Notes.

There is only limited availability of Renminbi outside mainland China, which may affect the liquidity of the RMB Notes and the Issuer's ability to source Renminbi outside mainland China to service such RMB Notes

As a result of the restrictions imposed by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside mainland China is limited. The PBoC has established a Renminbi clearing and settlement mechanism for participating banks in various jurisdictions and entered into settlement agreements with certain financial institutions to act as Renminbi clearing banks (each a "**RMB Clearing Bank**").

However, the current size of Renminbi-denominated financial assets outside mainland China is limited. There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with enterprises in mainland China. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. RMB Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside mainland China to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of laws and regulations in mainland China on foreign exchange. There is no assurance that new regulations will not be promulgated or the settlement agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside mainland China. The limited availability of Renminbi outside mainland China may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source Renminbi outside mainland China to service the RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the RMB Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the political and economic conditions in mainland China, international political and economic conditions and by many other factors. All payments of interest and principal with respect to the RMB Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or other applicable foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

Offshore RMB represents a market which is different from that of RMB deliverable in mainland China. The exchange rate of Offshore RMB against the U.S. dollar, Hong Kong dollar or other foreign currencies may be different from the exchange rate of RMB deliverable in mainland China against such currencies. Apart from its own supply and demand, the Offshore RMB exchange rate may be influenced by the onshore exchange rate (which currently trades within a band set by authorities in the onshore interbank market), and the two rates may converge with or diverge from each other.

The value of Renminbi against other foreign currencies is susceptible to internal factors in mainland China and external factors. In 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments will be made in Renminbi with respect to RMB Notes unless otherwise specified. Further liberalisation (if any) of foreign exchange control in mainland China and further progress on RMB internationalisation may or may not occur, and even if it does occur, it may or may not influence the Offshore RMB exchange rate. Should the prevailing Offshore RMB exchange rate fluctuate as a result, the value of the RMB Notes may fluctuate as well.

An investment in RMB Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility and, as a result, the value of the Notes may fluctuate as well. In addition, the interest rate for Offshore RMB may deviate from the interest rate for Onshore RMB as a result of foreign exchange controls imposed by laws and regulations in mainland China as well as prevailing market conditions. The RMB Notes may carry a fixed interest rate or have a resettable interest rate. Consequently, the trading price of the RMB Notes will vary with the fluctuations in interest rates. If a holder of RMB Notes tries to sell any RMB Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of the RMB Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant offshore Renminbi settlement centre. Except in the limited circumstances stipulated in Condition 8.5, all payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by Global Notes held with the common depositary for Euroclear, Clearstream, Luxembourg, the CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained in the relevant offshore Renminbi settlement centre in accordance with prevailing Euroclear and/or Clearstream, Luxembourg and/or the CMU rules and procedures, or (ii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in the relevant offshore Renminbi settlement centre in accordance with prevailing rules and regulations. Other than described in the Terms and Conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in mainland China).

If the Settlement Currency for the Notes is Offshore RMB, an investor is subject to the risk that payments in respect of such Notes will be made in the Alternative Payment Currency specified in the relevant Pricing Supplement instead of Offshore RMB. To the extent the Issuer is not able, or it is impracticable for it, to satisfy its obligation to make payments in respect of the Notes when due, the Issuer will be entitled to settle any such payment in the Alternative Payment Currency specified in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent (as defined in the Terms and Conditions of the Notes) of any such payments and/or any other amounts due. In this case, the investment considerations in the section entitled "*Considerations relating to issue of all Notes — Exchange rate risks and exchange control risks*" would apply as if the Alternative Payment Currency were the Settlement Currency.

Investors in the Notes should be aware that all Offshore RMB payments under the Notes will be made solely by credit to Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement.

The RMB Notes may be subject to Inconvertibility, Non-transferability or Illiquidity

The RMB Notes may provide that, if Renminbi is not available at or about the time when a payment is due to be made under the RMB Notes or it is impracticable for the Issuer to satisfy its obligations to pay any amounts due under the RMB Notes because of Inconvertibility, Non-transferability or Illiquidity (each as defined in the Terms and Conditions of the Notes) the Issuer shall be entitled to settle payments in an Alternative Payment Currency (as specified in the relevant Pricing Supplement). These circumstances could include the imposition of exchange controls or a disruption in the currency market which prevents the Issuer from obtaining Renminbi. In this case, the investment considerations in the section entitled "*Considerations relating to issue of all Notes — Exchange rate risks and exchange control risks*" would apply as if the Alternative Payment Currency were the Settlement Currency.

Gains on the transfer of the RMB Notes may become subject to income taxes under tax laws in mainland China

Under the *Enterprise Income Tax Law of the People's Republic of China* ("**EIT Law**"), the *Individual Income Tax Law of the People's Republic of China* ("**IIT Law**") and the relevant implementation rules, as amended from time to time, any gain realised on the transfer of RMB Notes by non-mainland China resident enterprise or individual holders may be subject to EIT or individual income tax ("**IIT**") in mainland China if such gain is regarded as income derived from sources within mainland China. While the EIT Law levies EIT at the rate of 20 per cent. of the gains derived by such non-mainland China resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the EIT rate to 10 per cent. In accordance with the IIT Law and its implementation rules (as amended from time to time), any gain realised by a non-mainland China resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from mainland China and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-mainland China resident individual Noteholder from the transfer of the Notes. However, there remains uncertainty as to whether the gain realised from the transfer of the RMB Notes by non-mainland China resident enterprise or individual holders would be treated as income derived from sources within mainland China and be subject to tax in mainland China. This will depend on how the tax authorities in mainland China interpret, apply or enforce the EIT Law, the IIT Law and their respective implementation rules. If such gains are determined as income sourced in mainland China by the relevant tax authorities in mainland China, (i) the non-mainland China resident enterprise Noteholders may be subject to EIT at the rate of 10 per cent. of the gains derived by such non-mainland China resident enterprise Noteholders and (ii) the non-mainland China resident individual Noteholders may be subject to IIT at the rate of 20 per cent. of the gains derived by such non-mainland China resident individual Noteholders, unless there is an applicable tax treaty between the PRC and the jurisdiction in which such non-mainland China resident enterprise or individual resident holders of RMB Notes reside, or newly issued specific tax regulations that reduces or exempts the relevant EIT or IIT), in which case the value of their investment in RMB Notes may be materially and adversely affected.

5. Considerations relating to Emerging Markets

Specific risks relating to Notes linked to Reference Asset(s) located in emerging market(s)

Notes issued may relate to Reference Asset(s) which are located in emerging market(s) and/or may be denominated and/or settled in an emerging market currency. Investors in such Notes should be aware that these markets are subject to greater risks than well-developed markets. The value or level of the Reference Asset(s) which are linked to an emerging market country/region and/or exchange rates in relation to the emerging market currency in which the Notes are denominated and/or to be settled may therefore be volatile and investment in such Notes will involve additional risks and special considerations not typically associated with investing in Notes which are linked to other more established economies.

The Issuer considers the following risks to be material:

(a) Settlement procedures

Many emerging market countries and regions have only recently developed organised securities markets, and the institutions on which they depend, with the result that the procedures for settlements, clearing and registration of securities transactions can give rise to technical and practical problems. In addition, since most emerging markets have civil law systems, which do not recognise a distinction

between legal and beneficial ownership, it is not usually possible to use nominees (which may affect how interests in the Reference Asset(s) are held) and the provision of custody services is a relatively novel practice in most emerging markets, and the controls put in place in more mature markets may not be available. Inefficient systems may result in delayed payments on the Reference Asset(s), which may in turn delay payments under the Notes.

(b) Exchange controls and repatriation of profits

Certain emerging market countries and regions may operate exchange controls affecting the transfer of money in and out of the country/region and the convertibility of the local currency. Some countries also impose restrictions on the ability of foreign investors to repatriate profits or the proceeds of sale of their investments without an official permit. In some cases the currency is non-convertible although many currencies are "semi-convertible". An investor in the Notes where the underlying Reference Asset(s) are linked to an emerging market country/region or in Notes which are denominated and/or settling in an emerging market currency are subject to the risk that, if such emerging market currency ceases to be convertible into the Settlement Currency or becomes only semi-convertible, then the Notes may return less on exercise, or expiry or maturity (respectively) than the amount invested or nothing. This includes circumstances where (i) "Payment of Alternative Payment Currency Equivalent" is specified to be applicable in the relevant Pricing Supplement, (ii) the Settlement Currency for the Notes is Offshore RMB or (iii) a Clearing System Currency Eligibility Event has occurred and is continuing, the disruption to convertibility may affect the exchange rate at which the Settlement Currency may be converted into the such Alternative Payment Currency.

Moreover the value of investments in the underlying Reference Asset(s) can fluctuate significantly due to volatile exchange rates and high inflation. Emerging markets may experience higher volatility in their foreign exchange rate movements than other countries and regions, and changes in the foreign exchange rates may have a negative impact on issuers of Reference Asset(s) whose businesses are heavily reliant on exports and, as a consequence, the general economic conditions in emerging market countries and regions which are heavily reliant on exports. The risk for an investor in the Notes is that the price of the Notes might be more volatile (as the amounts payable under the Notes are linked to the value of the Reference Asset or that issuers of the underlying Reference Assets or constituent securities of a Reference Asset (where such Reference Asset is an equity index) will not perform at an expected level, which may cause payments due under the Notes to be lower than expected.

(c) Disclosure and information

The level of disclosure of information relating to a company's business and ownership to shareholders, and to the stock exchange on which its shares are listed, is much less extensive in most emerging markets than in more sophisticated markets. Although many emerging markets now have insider dealing laws, it cannot be assumed that the regulatory authorities have both the ability and the will to enforce the legislation rigorously. Similarly, although money laundering regulations have been introduced in some jurisdictions, their practical effect has yet to be assessed.

Accordingly, an investor in Notes linked to an emerging market country/region are subject to the risk that information available on the Reference Assets which might form the basis of its investment decision in respect of the Notes may be of poorer quality than that available on Reference Assets linked to well-developed markets and investors may not receive relevant information relating to the Reference Assets at the same time as other market participants, which may cause price volatility and the market price of the Notes may drop at a later point in time once all relevant information becomes available.

(d) Market liquidity and volatility

The stock exchanges of emerging market countries and regions are generally much smaller (in terms of market capitalisation, turnover, and number of stocks traded) and are still in a premature stage when compared to the well-developed markets. The likelihood of exchange or market disruption e.g. temporary exchange closures, broker defaults, settlement delays and broker strikes and disputes among listed companies, the stock exchanges and other regulatory bodies, could be higher than the well-developed markets. These disruptions could have an adverse effect on the overall market sentiment and on the value of the Reference Asset(s). The capital market of emerging market countries and regions could be heavily influenced by government policies and a limited number of major

stakeholders. The governing bodies could from time to time impose restrictions on trading in certain securities, limitations on price movements and margin requirements. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the Reference Asset(s), thus adversely affecting the value of the Notes.

Therefore, there is a risk that the trading price of such Notes may be more volatile and that value of the underlying Reference Asset(s) may be adversely affected (following which, amounts payable under the Notes would be adversely affected as a consequence).

(e) Accounting standards

In some emerging market countries and regions, accounting standards and practices vary significantly from internationally accepted standards. It is therefore difficult in such jurisdictions to obtain reliable historic financial information on Reference Asset(s) which may underlie the Notes even where accountancy laws have been reformed to bring them into line with international standards (a problem which hyper-inflation has exacerbated in some markets).

Great care must therefore be taken to assess asset and business valuations. Entities in emerging market countries and regions may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries and regions.

(f) Political risks

The pace of political and social change will be more rapid than in well-developed markets. This is a common feature of emerging market countries and regions and is often related to the transition from a centrally planned economy to a modern market economy. Far-reaching legal and political reforms have inevitably resulted in new constitutional and social tensions, and the possibility of continuing instability and even a reaction against market reforms cannot be discounted. Such instability may discourage investors from investing in the particular emerging market, which could reduce the market value of the underlying Reference Asset(s) and/or adversely impact exchange rates in relation to the relevant emerging market currency and therefore reduce the market value of the Notes any amounts payable thereunder.

The unique political and diplomatic status of each emerging market relative to other countries and regions may also make the equities and debt markets in such emerging markets more volatile and more price sensitive to global or regional economic and political developments than other markets. Such increased price volatility could lead to the Notes' trading price (during the life of the Notes) or the relevant amount payable thereunder being lower than expected.

There is particular risk that policies in emerging markets encouraging foreign investment may be abandoned or reversed. Restrictions imposed on foreign investment or restrictions which concern the repatriation of capital invested in emerging markets may increase the transaction costs payable by the Issuer and/or its affiliates which, as such costs are passed to the investor, may thereby decrease the payments due under the Notes, or entitle the Issuer to terminate the Notes early. On a political level, such restrictions could lead to renationalisation of privatised industries and expropriation of private property without compensation which may have a negative effect on the financial position of the issuers of the Reference Asset(s).

(g) Currency exchange rate fluctuations

The rapid pace of political and social change in emerging market countries and regions increases the likelihood that currency exchange risks will eventuate where the Reference Asset(s) are located in emerging market(s). Currency exchange risks are also described in detail above in the section entitled "*Considerations relating to all issues of Notes — Exchange rate risks and exchange control risks*".

(h) Economic risks

The economies of individual emerging market countries and regions may differ favourably or unfavourably from the economies of developed countries and regions in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation capital reinvestment, resource self-sufficiency and the balance of payments position. In the past, a number of emerging market countries/regions' markets have experienced significant adverse economic developments, including substantial depreciation in currency exchange rates against major currencies, increased interest rates and inflation, reduced economic growth rates, increases in foreign currency debts, corporate bankruptcies, declines in market values of listed shares and government imposed austerity measures. All of these economic factors may adversely affect the value and performance of Reference Asset(s) and therefore the value of the Notes.

(i) Restrictions and controls

Notes may be subject to risk that restrictions and controls on the Reference Asset(s) are imposed by governments, governmental or regulatory bodies, regulators or exchanges of emerging markets jurisdictions. As a result of such restrictions and controls, potential delays might occur in respect of payments due under the Notes linked to such Reference Asset(s) or even that funds may not be payable under the Notes on settlement following the exercise, sale, redemption or termination of the Notes. Also, taxes and charges levied in respect of buying and selling equity or debt securities relating to such restrictions and controls may be deducted from amounts payable under the Notes.

(j) Legal and Regulatory framework

The sophisticated legal and regulatory systems necessary for the proper and efficient functioning of modern capital markets may yet to have been developed in some emerging market countries and regions. A high degree of legal uncertainty may therefore exist as to the nature and extent of investors' rights and the ability to enforce those rights in the courts. Many advanced legal concepts which now form significant elements of mature legal systems are not yet in place or if they are in place, have yet to be tested in the courts. It is difficult to predict with any degree of certainty the outcome of judicial proceedings (often because the judges themselves have little or no experience of complex business transactions), or even the quantum of damages which may be awarded following a successful claim. It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an obligor is located.

Specific risks relating to Notes settling in emerging markets currencies

Notes issued under the Programme may be denominated and/or settled in an emerging market currency. Investors in such Notes should be aware that these markets are subject to greater risks than well developed markets. Investment in the Notes will involve additional risks and special considerations not typically associated with investing in Notes which are settled in more conventional currencies such as Euro or U.S. dollar.

6. Considerations relating to Equity-Linked Notes and Index-Linked Notes

No investigation has been made of the financial condition or creditworthiness of any issuer of any Reference Asset(s)

No investigation has been made of the financial condition or creditworthiness of any issuer of any Reference Asset(s) or the securities underlying a Reference Asset(s) (where the Reference Asset(s) is an equity index) in connection with the issue of any Equity/Index-Linked Notes. Investors in the Equity/Index-Linked Notes should obtain and evaluate the same information concerning the Reference Asset(s) or the securities underlying a Reference Asset(s) (where the Reference Asset(s) is an equity index) and each such issuer as they would if they were investing directly in the Reference Asset(s) or such securities. In addition, investors should understand that the historical performance of the Reference Asset(s) or such securities should not be viewed as predictive of future results.

Actions or omissions of the issuer of the securities, the sponsor of an index or other

In certain circumstances, the actions or omissions of the issuer of securities to which the Equity/Index-Linked Notes relate or for which the Equity/Index-Linked Notes are exchangeable, the sponsor of an index to which Equity/Index-Linked Notes are linked or others outside the control of the Issuer, may adversely affect the rights of the Noteholders and/or the value of the Equity/Index-Linked Notes, including actions that may give rise to an adjustment to, or early redemption or termination (as applicable) of, the Equity/Index-Linked Notes.

Disrupted Day

Investors in the Equity-Linked Notes and Index-Linked Notes are subject to the risk that a Disrupted Day may occur in relation to a Reference Asset. A Disrupted Day may occur in respect of Notes if, as determined by the Calculation Agent: a stock exchange or related stock exchange fails to open for trading during its regular trading session, or, in relation to China Connect Underlying, on which the China Connect Service fails to open for order-routing during its regular order-routing session; or on which a Market Disruption Event has occurred; or if a sponsor fails to publish the level of an index.

If the Calculation Agent determines that a Disrupted Day has occurred, the Calculation Agent may postpone the Valuation Date to a later date which is not a Disrupted Day, **provided that** the Valuation Date will not be postponed beyond the eighth consecutive Scheduled Trading Day (or such other number of Scheduled Trading Days as may be specified in the Pricing Supplement) after the Scheduled Valuation Date. If the Calculation Agent postpones the Valuation Date the due dates for any payments or delivery in respect of the Notes (including, without limitation, the maturity date, settlement date or cash settlement date) may also be postponed. Any such postponement may have an adverse effect on the value of such Notes.

Market Disruption Events

Investors in the Equity/Index-Linked Notes are subject to the risk that a Market Disruption Event will occur in relation to a Reference Asset. A Market Disruption Event may occur in respect of Notes if, as determined by the Calculation Agent: a related stock exchange closes early without notice; limitations are imposed on trading; trading is suspended; or market participants are prevented from obtaining valuations or effecting transactions, and, in relation to a China Connect Underlying, in the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange including the early closure or disruption of the securities trading and clearing links programme developed or to be developed by the Hong Kong Stock Exchange, the China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access with the Hong Kong Stock Exchange and the China Connect Market.

If the Calculation Agent determines that a Market Disruption Event has occurred, any consequential postponement of or adjustment of valuation provided in any Notes may have an adverse effect on the value of such Notes. The closing level or value of the Reference Asset(s) may be calculated by reference to the remaining securities comprised in the relevant Reference Asset(s).

Additional Disruption Events

Investors should note that Additional Disruption Events may occur in relation to the relevant Notes in certain circumstances described in the Terms and Conditions of the Notes. If any Additional Disruption Event occurs in relation to the relevant Notes, the Issuer may, at its sole and absolute discretion determine whether or not the Notes should continue and, if so, determine any adjustments to be made, or the Calculation Agent may designate an early redemption date in respect of the Notes and the Noteholders will receive an "**Early Termination Settlement Amount**" based on the determinations made by the Calculation Agent of what is fair in the circumstances by way of compensation.

The following Additional Disruption Events may be specified to be applicable in the relevant Pricing Supplement:

- "**Change in Law**" may occur where the Issuer determines that (A) due to the adoption of or any change in any applicable law or regulation, or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (x) it will, or there is a substantial likelihood that it will, with the passing

of time, or has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale of disposal of, Securities, Component Securities or other components comprised in the Index relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Notes;

- "**Failure to Deliver**" may occur if illiquidity in the market of relevant Securities due to be delivered in respect of the Notes results in such Securities being unable to be delivered;

- "**Hedging Disruption**" may occur if the Issuer or its affiliates become unable to hedge or realise, recover or remit the proceeds of a hedge relating to the Notes;

- "**Increased Cost of Hedging**" may occur where the Issuer would incur a materially increased cost, other than as a consequence of deterioration in its own creditworthiness, in hedging its obligations under the Notes;

- "**China Connect Share Disqualification**" may occur where the Underlying Securities cease to be accepted as "China Connect Securities" (as defined in the rules of the Hong Kong Stock Exchange) for the purpose of the China Connect Service; and

- "**China Connect Service Termination**" may occur where one or more of the China Connect Market, the Hong Kong Stock Exchange, the CSDCC, the HKSCC or any regulatory authority with competent jurisdiction permanently suspends or terminates the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Underlying Securities through the China Connect Service.

Upon the occurrence of such an early redemption prior to the originally scheduled maturity date of the relevant Notes, Noteholders may suffer a loss of some or of all of their investment and will forego any future performance in the relevant Reference Asset that may occur following such redemption or termination.

Specific risks relating to Equity-Linked and Index-Linked Notes linked to an Actively Managed Underlying

The Actively Managed Underlyings underpinning Notes may be unsuccessful

The value of and return on the Notes depends on the performance of the underlying actively managed notional basket of Securities or Index, as applicable (the "**Actively Managed Underlying**"). The Actively Managed Underlying will be managed by a third party (the "**Underlying Selector**"), in accordance with pre-determined rules, which could include the selection of and adjustments to the notional components of the Actively Managed Underlying and their respective weightings. The Actively Managed Underlying may have no or a limited operating history with no proven track record in achieving any stated investment objective. It is not possible to predict the future performance of the Actively Managed Underlying. The past performance of the initial components comprised in the Actively Managed Underlying is not necessarily indicative of the future performance or of the value of and return on the Notes. No assurance can be given that the Actively Managed Underlying will be successful and investors may lose some or all their investment.

There are risks related to the correlation as between the notional components of the Actively Managed Underlying

It is possible that the positive performance of notional components of the Actively Managed Underlying does not directly result in an overall positive performance of the Actively Managed Underlying. Fluctuations in the value of one notional component comprised in the Actively Managed Underlying may be offset or intensified by fluctuations in the value of one or more other notional components comprised in the Actively Managed Underlying. Therefore, even in the case of a positive performance of one or more notional components, the performance of the Actively Managed Underlying as a whole may be negative if the performance of the other notional components is negative to a greater extent.

The Actively Managed Underlying will be actively managed by the third party Underlying Selector; The Issuer has no responsibility for the performance of the Underlying Selector

The Underlying Selector has sole responsibility for the selection and allocation of the notional components of the Actively Managed Underlying and the performance of the Actively Managed Underlying. The role of the Issuer is limited to assisting the Underlying Selector by providing certain services in respect of the notional components under the terms of the relevant agreement between the Issuer and the Underlying Selector. The Issuer has no obligation to monitor the compliance by the Underlying Selector with the rules of the Actively Managed Underlying, to monitor the performance by the Underlying Selector or its management of the Actively Managed Underlying. The Issuer shall not be liable to any party for the performance of the Actively Managed Underlying or for the actions of the Underlying Selector.

The Underlying Selector may be reliant on key personnel to manage the Actively Managed Underlying and such personnel may depart or be replaced during the term of the Notes. Any change to key personnel in the Underlying Selector could have an adverse effect on the value of and return on the Notes.

There are specific risks related to the Actively Managed Underlying not being a recognised index

An Actively Managed Underlying is subject to additional risks compared to a recognised financial index. In particular, there may be a lower degree of transparency relating to the composition, maintenance and calculation of the Actively Managed Underlying than would be the case for a recognised financial index and there may in some circumstances be less information available about the Actively Managed Underlying. Subjective criteria may play a much greater role in the composition of the Actively Managed Underlying compared to a recognised financial index and, in such cases, there may be a greater degree of dependence on the Issuer or Calculation Agent or the Underlying Selector than would be the case for a recognised financial index. Accordingly, investors in the Notes bear the risk that the performance of the Actively Managed Underlying, and the value of and return on the Notes, could be less certain than had the Actively Managed Underlying been a recognised financial index.

An issuer may reject requests by the Underlying Selector to change the notional components of the Actively Managed Underlying and/or their weighting

Under the terms of the relevant agreement between the Issuer and the Underlying Selector, the Issuer may be entitled to reject any requests by the Underlying Selector from time to time under the pre-determined rules of the Actively Managed Underlying to change the notional components of the Actively Managed Underlying and/or their respective weightings. Any such rejection could have an adverse effect on the performance of the Actively Managed Underlying and, therefore, on the value of and return on the Notes. The Issuer shall have no liability to any party for any losses (direct or consequential) suffered due to such actual or potential adverse performance or reduced return caused by such rejection or any other action or non-action of the Issuer.

The deduction of fees and costs will reduce the performance of the Actively Managed Underlying and impact the value and return on the Note

The Actively Managed Underlying and/or the Notes may include embedded costs and/or fees which will reduce the financial performance of the Notes. Embedded costs and/or fees are therefore costs to an investor of accessing the performance of such Actively Managed Underlying. The effect of any embedded costs and/or fees on the performance of an Actively Managed Underlying may vary over time and may be material.

Separate fees payable to the Underlying Selector and the Issuer, respectively, may be deducted from the Actively Managed Underlying. Such deductions will act as a drag on the performance of the Actively Managed Underlying and this, in turn, will reduce the return on the Notes.

The Issuer acts in multiple capacities with regard to Notes linked to the Actively Managed Underlying and these can give rise to conflicts of interest

As well as the potential conflicts of interest which may arise in relation to the Issuer as discussed above under the heading "*Potential conflicts of interest*" in the section entitled "*Considerations relating to all issues of Notes*", conflicts of interest may arise in connection with the Issuer's acting as counterparty to the Underlying Selector under an agreement relating to the provision of certain services in respect of the notional components of the Actively Managed Underlying.

Among other things, the Issuer may terminate its agreement with an Underlying Selector at any time in accordance with the terms of such agreement. In taking any such action it will have no obligation to consider the interests of any investors in the Notes. Any such termination could have a material impact on the value of the Notes.

The Underlying Selector is subject to potential conflicts of interests which could affect the value of and return on the Notes

The Underlying Selector may take decisions which are not in the investors' interests due to the impact of conflicts of interest. This could lead to a worse performance of the relevant Actively Managed Underlying overall and have an adverse effect on the value of and return on the Notes.

The Underlying Selector may not only act as Underlying Selector with regard to an Actively Managed Underlying, but may at the same time act as asset manager or financial consultant with regard to investors, which may induce potential conflicts between the investors' interests and the Underlying Selector's interests, particularly as the Underlying Selector will receive a fee. This could negatively affect the performance of the Underlying Selector and have a material adverse effect on performance of the relevant Actively Managed Underlying and the return on the Notes.

7. Specific investment considerations relating to Index-Linked Notes

Successor Index, Index Modification, Index Calculation

In certain circumstances, certain adjustments may be made to an index or indices to which Notes are linked (a "**Reference Index**"), which may result in a loss to the Noteholders. The Issuer considers the following to be material risks of adjustment:

(i) on any Valuation Date the relevant sponsor fails to calculate and announce a relevant Reference Index;

(ii) the modification of the relevant Reference Index by the relevant Sponsor which may have a material effect on the Notes; or

(iii) the cancellation of the relevant Reference Index by the relevant Sponsor,

which may result in either (A) the redemption or termination of the relevant Notes upon payment to the holders thereof such an amount as in the opinion of the Calculation Agent is fair in the circumstances, which may result in a loss to such holders or (B) the continuation of the Notes, in which case the relevant level of the Reference Index will be determined by the Calculation Agent in its sole and absolute discretion.

As a result of any such replacement, modification or cancellation, Noteholders may suffer a loss of some or all of their investment and may forego any gain as a result of future performance in the relevant Reference Index.

Calculation of indices managed by the Issuer or an entity in HSBC Group/the Issuer or an entity in HSBC Group as sponsor

With respect to Notes which are linked to one or more Reference Indices managed by the Issuer or an entity within the HSBC Group, investors should understand that, although the Issuer or an entity in the HSBC Group is the *sponsor* of such Reference Indices managed by the Issuer or an entity in the HSBC Group (as relevant), such Reference Indices are calculated independently and the Issuer or the entity in the HSBC Group (as relevant) as s*ponsor* will make determinations of the level of the Reference Indices managed by the Issuer or an entity in the HSBC Group, and of any adjustments that need to be made to the Reference Indices managed by the Issuer or an entity in the HSBC Group, without considering the interests of investors in the Notes.

Reference Indices which are managed by the Issuer or an entity in the HSBC Group may have a sponsor and/or an index calculation agent which is the same entity as the Issuer or an entity within the HSBC Group. The role of the Issuer as sponsor and index calculation agent may be performed by different divisions of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest. In its capacity as either the sponsor or index calculation agent, the Issuer does not act as fiduciary for or an advisor to the Noteholder in respect of any determination or judgment or otherwise. Also, in its capacity as sponsor or index calculation agent, the Issuer or an entity in the HSBC Group may have economic interests adverse to those of the Noteholders, including with respect to certain determinations and judgments that the sponsor and/or index calculation agent may be required to make pursuant to the terms of the Reference Index, any of which may affect payments in respect of the Notes. The Issuer or an entity in the HSBC Group may act in its own interests in such capacities and need not have regard to the interests of the Noteholders.

Where Reference Indices are calculated by a third party calculation agent as defined in the relevant index rules or summary thereof, the sponsor may not have responsibility for the calculation of the Reference Indices and does not guarantee or represent or warrant the accuracy or completeness of the Reference Indices or the data comprised therein.

8. Specific investment considerations relating to Equity-Linked Notes

Extraordinary Events

There is a risk in respect of Equity-Linked Notes that certain Extraordinary Events may occur in respect of Reference Asset(s) (such as a merger, a tender offer or exchange offer, delisting, nationalisation or transfer to a governmental agency or the insolvency or bankruptcy of the issuer of the Reference Asset(s)). If such event has occurred, the Calculation Agent may take certain actions, such as adjusting certain Terms and Conditions of the Notes or redeeming the Notes. In relation to China Connect Underlying only, in making such determinations, the Issuer and/or the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, the Hong Kong Stock Exchange, the CSDCC and the HKSCC in relation to such Merger Event or Tender Offer in respect of Securities held through the China Connect Service.

Upon the occurrence of such an early redemption of the relevant Equity/Index-Linked Notes, the holders thereof may suffer a loss of some or of all of their investment and will forego any future performance in the relevant Reference Asset(s) that may occur following such redemption or termination.

Potential Adjustment Events

Investors in Equity-Linked Notes are subject to the risk that certain circumstances in respect of Reference Asset(s) occur (such as a subdivision, consolidation or reclassification of securities, a distribution of dividends or extraordinary dividend, a call or repurchase by the underlying company of the Reference Asset(s) or any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Asset(s)). If the Calculation Agent determines that such circumstances have occurred, the Calculation Agent may (but is not obliged to) make a corresponding adjustment(s) as it in its sole and absolute discretion determines to be appropriate, to the number of Reference Asset(s) to which each Equity-Linked Notes relates, the formula for redemption and to any other settlement, payment or other term of the relevant Equity-Linked Notes to account for that diluting or concentrative effect, and determine the

effective date(s) of such adjustment(s). Such adjustments may adversely affect the value of the relevant Equity-Linked Notes and/or any amount payable on redemption or termination of the Notes and the holders thereof may suffer a loss of some or all of their investment as a result. The Calculation Agent may also determine that the relevant Notes shall be terminated upon payment to the holders thereof such an amount as in the opinion of the Calculation Agent is fair in the circumstances, which may result in a loss to such holders. In addition, in relation to China Connect Underlying only, in making such determinations, the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, the Hong Kong Stock Exchange, the CSDCC and the HKSCC in relation to such Potential Adjustment Event in respect of Securities held through the China Connect Service.

Specific investment considerations relating to Equity-Linked Notes where Securities are Units in a Fund

In respect of Equity-Linked Notes where the Reference Asset(s) are Units in a Fund, one of the following events may occur (amongst other things):

(i) the Fund is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation;

(ii) breach by the relevant Fund of any applicable leverage restriction or any contractual restriction binding on or affecting the Fund or any of its assets;

(iii) resignation, termination or replacement of the Trustee, the Manager, the Supervisory Committee or the Promoter (as defined in the Fund Documents);

(iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof from those prevailing on the Issue Date;

(v) any breach of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof;

(vi) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset;

(vii) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund;

(viii) any change in the legal, tax, accounting or regulatory treatments of the Fund, its Manager, Trustee or Promoter that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein;

(ix) the relevant Fund or any of its Manager, Trustee or Promoter becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged breach of applicable law for any activities relating to or resulting from the operation of the Fund;

(x) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event continues for the foreseeable future;

(xi) any failure of the Fund to deliver, or cause to be delivered relevant information it has agreed to deliver or has previously delivered, or such information deemed necessary by the Calculation Agent to monitor the Fund's compliance with investment policies;

(xii) on or after the trade date of the Notes, due to a change in any applicable law or regulation, or interpretation by any relevant court, tribunal or regulatory authority, the Calculation Agent determines in good faith that (A) it has become illegal to hold, acquire or dispose of Units relating to the Notes, or (B) it will incur a materially increased cost in performing its obligations under the Notes;

(xiii) the Issuer would incur a materially increased cost in respect of any hedges deemed necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes; or

(xiv) (A) cancellation or cessation of any relevant index in respect of which any investment made by the Fund is based upon, (B) a material change in the formula for or the method of calculating or any other material modification to any such index, (C) the relevant sponsor of such index fails to calculate and announce such index, or (D) the cancellation or cessation of the licence agreement with the sponsor.

Following the occurrence of such event, the Calculation Agent may make certain adjustments or substitutions for the Affected Units as the Calculation Agent may determine in its sole and absolute discretion, or the Calculation Agent may determine in its sole and absolute discretion that the relevant Notes shall be terminated upon payment to the holders thereof such an amount as in the opinion of the Calculation Agent is fair in the circumstances, each of which may result in a loss to such holders.

Tax and Currency Risk

The tax status of Funds in those jurisdictions in which they conduct their business and/or any change in taxation rules or treatment in such jurisdictions could affect the value of the assets of such Funds or the ability of Funds to achieve their investment objectives. Consequently this could adversely affect the value of the Notes linked to such Funds. In addition, remittance of income and capital gains generated by underlying investments of Funds in certain countries and regions may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains. In any such circumstances, the value of the notional shares of Funds may be adversely affected and as a result the relevant Funds and the value of the Notes may be adversely affected.

Class of Investments

Prospective purchasers or investors should note that Funds may have legal or other discretions in relation to their investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Funds. Therefore, there is a risk that return on an investment in Funds may not be achieved. This would have an adverse effect on the value of the Notes and any amounts payable thereunder.

Investment Risk

There can be no assurance that any Fund will achieve its investment objectives. The investment income of each Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Funds' investment income may be expected to fluctuate in response to changes in such expenses or income and this may have an adverse effect on the value of the Notes and any amounts payable thereunder.

High yield

Some Funds may invest in high yield securities. High yield securities are typically medium or lower rated securities and are sometimes referred to as "junk bonds". Such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. The risk of loss due to default by issuers of high yield securities is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Funds which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Funds may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Funds. All such risks could adversely affect the value of Notes linked to Funds which invest in high yield securities.

Provision of information

None of the Issuer or any of its affiliates is under any obligation to provide information in respect of any Fund underlying the Notes (including any information relating to the creditworthiness of such Funds) or monitor whether or not any event or circumstance in respect of any Funds underlying the Notes has occurred. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to one or more Funds. The Issuer is not under any obligation to make such information available to holders of such Notes. Therefore, an investor in the Notes should obtain and evaluate information concerning the relevant Funds as it would if it were investing directly in such Funds.

Additional investment considerations and risk factors set out in the offering documents relating to funds

Investors in Notes which are linked to Units of funds (including, but not limited to, exchange-traded funds) should note that there may be particular investment considerations and risk factors set out in the offering documentation relating to such funds and are advised to read and consider such offering documentation in making an investment decision to invest in such Notes. Such information is not incorporated by reference and does not form part of this Offering Circular.

9. Considerations relating to Interest Rate-Linked Notes

The Issuer may issue Interest Rate-Linked Notes pursuant to the terms and condition to be set out in the relevant Pricing Supplement.

Volatility

Interest rates and inflation may be volatile and unpredictable. Investors should be aware of the possibility of significant changes in interest rates and inflation resulting in a decrease in the value of interest payments and/or the principal payable on the Notes at redemption. As a consequence the market value of the Notes may also fall.

Interest income risk

In relation to certain types of Interest Rate-Linked Notes, interest only accrues on days on which the interest related Reference Asset fixes within a predetermined range set out in the Pricing Supplement. If the interest related Reference Asset does not fix within such range on one or more days during the term of the Notes, then the return on the Notes may be lower than traditional fixed rate securities, or even zero. Holders should note that no interest accrues on days when the interest related Reference Asset fixes outside of the range.

10. Considerations relating to Equity-Linked Notes where Reference Assets are units in synthetic exchange-traded funds

Equity-Linked Notes may link to Reference Assets which are units in synthetic exchange-traded funds ("**ETFs**"). Typically, synthetic ETFs follow a strategy of investing in swaps and derivative instruments with an aim to replicate the performance of an underlying index or benchmark. Investors investing in Notes linked to synthetic ETFs should consider the following risks.

(a) Counterparty risk

In addition to exposure to the Issuer's credit risk and the credit risk in respect of the underlying ETF, prospective investors are also exposed to the credit risk of counterparties which have issued the swaps or derivative instruments that underlie synthetic ETFs ("**Derivatives Issuers**"). In addition, investors should be aware that as Derivatives Issuers are predominantly international financial institutions there is a risk that the failure of one Derivatives Issuer could have a "knock-on" effect and lead to the insolvency of other Derivatives Issuers. Although Derivatives Issuers may have collateralised their obligations under the relevant derivative instruments, there is a residual risk that the market value of the collateral posted could have fallen substantially when the synthetic ETFs seeks to realise the collateral and could worth less than the outstanding obligations under the relevant derivative instruments. In such case, the Noteholders may suffer loss of their investment in the Notes for the amount of the shortfall between the value of the collateral and the amounts due under the Notes linked to such synthetic ETFs.

(b) Management risk

Synthetic ETFs are managed in a "**passive**" manner. This means that investments are made in swap and derivative instruments relating to underlying indices or benchmarks without the possibility to acquire or dispose of assets on an active basis in accordance with economic, financial and market analysis and investment judgements made by the fund's investment adviser. Accordingly, there is a risk that the passive investment strategy of such fund's investment adviser may not produce the intended results. For instance, the synthetic ETF may not be able to reduce the downside of poorly performing investments through timely disposition of assets in the portfolio. This may have an adverse effect on the value of synthetic ETF and therefore on the Notes linked to such synthetic ETFs.

(c) Liquidity risk

There is a risk that synthetic ETFs are not liquid or not as liquid as other ETFs. This is because swaps and derivative instruments may not be traded on the secondary market. As a consequence of the limited liquidity wider bid-offer spreads may apply to such derivative instruments and this may result in increased operating costs and potential losses for the synthetic ETFs and accordingly the value of the Notes linked to such synthetic ETFs will be adversely affected.

(d) Tracking error

Although synthetic ETFs track the underlying index or benchmark, there is a risk that discrepancy occurs between the value of the synthetic ETF and the value of the underlying index or benchmark to which the synthetic ETF is linked. This could be the results of a failure of the tracking strategy of the synthetic ETF, currency differences between the ETF and the underlying index or benchmark, fees and expenses charged in connection with the synthetic ETF.

(e) Trading at a discount or a premium

There is a risk that synthetic ETFs are traded at a premium or discount of their net asset value. This may occur if the underlying index or benchmark is subject to restrictions or limitation for instance a limitation on foreign investment imposed in the jurisdiction to which the index or benchmark relates. Investors that acquire Notes linked to a synthetic ETF at a premium are subject to the risk that they may not be able to recover the premium in the event of termination of underlying ETFs or the Notes.

11. Considerations relating to Dual Currency Notes

Volatility of exchange rates

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the Settlement Currency and Reference Currencies, the Denomination Currency and the Settlement Currency and the Settlement Currency and Alternative Payment Currency (as applicable) may result in a decrease in the value of interest payments and/or the principal payable on the Notes at maturity or early redemption. As a consequence, the market value of the Notes may also fall.

FX Disruption Event

Investors in the Notes should be aware that, following the occurrence of an FX Disruption Event, the Calculation Agent may delay the determination of the Underlying Currency Pair Exchange Rate until such rate can be obtained **provided that** if the FX Disruption Event continues for five days following the original fixing date the Issuer may determine to redeem the Notes against payment of the Early Redemption Amount (FX Disruption Event), which may be an amount determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent, as applicable to be the Fair Market Value of the Notes. The Fair Market Value of a Note will be adjusted to account fully for any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements. Such amount may be less than any amount received at maturity and may result in a loss to the investors. Also, if the Notes are redeemed early investors will forego any future appreciation or depreciation (as applicable) in the underlying currency.

Notes linked to an index, formula or other underlying and multi-currency and Dual Currency Notes

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**Dual Currency Notes**"). Prospective investors should be aware that:

(i) the market price of such Notes may be very volatile;

(ii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iii) they may lose all or a substantial portion of their principal and/or interest payments;

(iv) the relevant currencies may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and

(v) the timing of changes in a relevant currency may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant currency, the greater the effect on yield.

12. Considerations relating to Fund-Linked Notes

No ownership rights

The Fund-Linked Notes do not represent any actual holdings in the Reference Fund that the Issuer or any of its affiliates may have. The Noteholders will have no direct interest or right in the shares or other units comprised in any of the Reference Fund. The Issuer shall be under no obligation to make or hold, directly or indirectly, investments in the Reference Fund. The Noteholder will not hold any direct or indirect interest in the Reference Fund and prospective investors should be aware that an investment in the Fund-Linked Notes is not the same as an investment in the Reference Fund and does not confer any legal or beneficial interest in the Reference Fund or any voting rights, rights to receive dividends or other rights that a holder of the shares or other units comprised in any such Reference Fund would have.

Information

No investigation has been made of the financial condition or creditworthiness of any Reference Fund in connection with the issue of any Fund-Linked Notes. Investors in the Fund-Linked Notes should obtain and evaluate the same information concerning each Reference Fund as they would if they were investing directly in such Reference Fund. In addition, investors should understand that the historical performance of the Reference Fund should not be viewed as predictive of future results.

Actions or omissions of the Reference Fund or other

The Issuer may, from time to time, be affiliated with, or act as a service provider to the Reference Fund(s), or their respective investment managers, investment advisers or trustees. However, the Issuer has no ability to control or predict the actions of the Reference Fund(s). In certain circumstances, the actions or omissions of the relevant Reference Fund or others outside the control of the Issuer, may adversely affect the rights of the Noteholders and/or the value of the Fund-Linked Notes, including actions that may give rise to an adjustment to, or early redemption of, the Fund-Linked Notes.

Performance of Reference Fund

No representation or warranty, whether implied or otherwise, is given by the Issuer as to the past, present or future performance of the Reference Fund(s). The Issuer does not provide any advice, information or credit analysis with respect to the Reference Fund(s) or any underlying assets of the Reference Fund(s). In particular, this Offering Circular does not constitute investment advice. The Issuer does not assume any obligation to or relationship of agency or trust with any investor, purchaser or prospective investor or purchaser of the Notes. The past performance of assets, investment funds or other investment companies managed by the investment manager or the investment adviser of the Reference Fund(s) is not necessarily a guide to the future performance of the Reference Fund(s).

The Fund Manager is not involved in the Notes

The fund manager of the Reference Fund is not involved in the issuance or offering of the Notes and has no obligation with respect to the Notes, including any obligation to consider the interest of any investor in the Notes for any reason. The fund manager of the Reference Fund is not involved with the administration, marketing or trading of the Notes and has no obligation with respect to any amount to be paid to the investors for or in respect of the Notes.

Reference Fund Disruption Event

Investors in the Fund-Linked Notes are subject to the risk that a Reference Fund Disruption Event may occur in relation to a Reference Fund. A Reference Fund Disruption Event may occur in respect of Notes if, as determined by the Calculation Agent: the date on which a Reference Fund is scheduled to determine the net asset value of such Reference Fund is postponed; the reporting of such net asset value is postponed; or payment in respect of any redemption is postponed.

If the Calculation Agent determines that a Reference Fund Disruption Event has occurred, the Calculation Agent may postpone the Valuation Date to a later date, **provided that** the Valuation Date will not be postponed beyond the date specified in the relevant Pricing Supplement as the "**Cut-off Final Valuation Date**". If the Calculation Agent postpones the Valuation Date, the due dates for any payments or delivery in respect of the Notes (including, without limitation, the maturity date) may also be postponed.

Additional Disruption Events

Investors should note that Additional Disruption Events may occur in relation to the relevant Notes in certain circumstances described in the Terms and Conditions of the Notes. If any Additional Disruption Event occurs in relation to the relevant Notes, the Issuer may designate an early redemption date and the Noteholders will receive an early redemption amount based on the determinations made by the Calculation Agent.

The following Additional Disruption Events may be specified to be applicable in the relevant Pricing Supplement:

(a) "**Change in Law**" may occur where the Issuer determines that (A) due to the adoption of or any change in any applicable law or regulation, or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (x) it will, or there is a substantial likelihood that it will, with the passing of time, or has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale of disposal of Reference Fund Units relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes, (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Notes;

(b) "**Hedging Disruption**" may occur if it is or has become not reasonably practicable, or it has otherwise become undesirable for the Issuer (having used commercially reasonable efforts to do so) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), or (C) make certain transfer of the amounts denominated in the Settlement Currency, or (D) convert the Settlement Currency into an Alternative Payment Currency;

(c) "**Increased Cost of Hedging**" may occur where the Issuer would incur a materially increased cost, other than as a consequence of deterioration in its own creditworthiness, in hedging its obligations under the Notes;

Upon the occurrence of such an early redemption prior to the originally scheduled maturity date of the relevant Notes, Noteholders may suffer a loss of some or of all of their investment and will forego any future performance in the relevant Reference Fund that may occur following such redemption.

Extraordinary Fund Events

In respect of Fund-Linked Notes, one of the following events may occur in relation to one or more Reference Funds to which the Note is linked:

(a) any breach or violation of the provisions of the Reference Fund prospectus or any other documents in relation to the Reference Fund;

(b) (i) the non-execution or partial execution by the Reference Fund for any reason of a subscription or redemption order in respect of any units in the Reference Fund given by a Hypothetical Investor (as defined in Condition 9A below) (whether or not in accordance with the relevant fund prospectus), (ii) the Reference Fund suspends or refuses transfers of any of its units, (iii) the Reference Fund imposes in whole or in part any restriction, charge or fee in respect of a redemption or subscription of its units by the Issuer or exercises its right to claw back the proceeds already paid on redeemed units if in any case it could, in the determination of the Calculation Agent, have an adverse impact on the Issuer's or any of its designated affiliates', as applicable, rights or obligations in relation to its hedging activities in relation to the Notes, or (iv) a mandatory redemption, in whole or in part, of the units is imposed by the Reference Fund on any one or more holders of units at any time for any reason;

(c) such Reference Fund or any Reference Fund Service Provider (i) ceases trading and/or, in the case of a Reference Fund Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable); (ii) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vi) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (v) above;

(d) there exists any litigation against the fund or any service provider in respect thereof which could materially affect the value of the units in the Reference Fund or the rights or remedies of any investor in such units, as determined by the Calculation Agent;

(e) (i) a service provider in respect of the Reference Fund ceases to act in such capacity in relation to the Reference Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the Reference Fund and/or any service provider in respect of the Reference Fund to meet or maintain any obligation or undertaking under the fund prospectus or any other relevant fund document which failure is reasonably likely to have an adverse impact on the value of the units in the Reference Fund or on the rights or remedies of any investor in such units;

(f) a material modification, or any announcement regarding a potential future material modification, of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the Reference Fund;

(g) the failure by the Reference Fund to comply with its reporting obligations in accordance with its agreements with the Issuer or any of its designated affiliates (as applicable);

(h) a material modification (other than any modifications referred to in (e) above) of the Reference Fund or the occurrence of a change or any event materially affecting the Reference Fund;

(i) a material modification of the type of assets in which the Reference Fund invests or the trading practices of the relevant fund which, in the determination of the Calculation Agent, has or is likely to have a material effect on any hedging arrangements entered into by the Issuer or any of its designated affiliates (as applicable) in respect of these Notes;

(j) the Reference Fund or service provider in respect thereof has its authorisation or registration cancelled by any applicable regulatory authority;

(k) (i) an allegation of criminal or fraudulent activity is made in respect of the Reference Fund, or any service provider in respect thereof, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred or (ii) the Reference Fund or a service provider in respect thereof (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Reference Fund, investment adviser, manager or administration agent; (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the Reference Fund; (C) makes any material misrepresentation under any document in respect of the relevant fund or (D) announces its intention to cease the business of investment management;

(l) (i) any relevant activities of or in relation to the Reference Fund or a service provider in respect thereof are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction, (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Reference Fund or a service provider in respect thereof or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the Reference Fund is required by a competent authority to redeem any units, (iv) the Issuer or any of its designated affiliates (as applicable) is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any units in Reference Fund held in connection with any hedging arrangements relating to the Notes and/or (v) any change in the legal, tax, accounting or regulatory treatment of the Reference Fund or any service provider in respect thereof that is reasonably likely to have an adverse impact on the value of the units in the Reference Fund or other activities or undertakings of the Reference Fund or on the rights or remedies of any investor in such units, including the Issuer;

(m) the creation by the Reference Fund of any illiquid share class or unit howsoever described;

(n) the currency denomination of the units in the Reference Fund is amended from that set out in the fund prospectus or any other relevant fund document so that the NAV per unit is no longer calculated in the same currency as it was as at the trade date of the Notes;

(o) if applicable, the Reference Fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction;

(p) if the Reference Fund comprises multiple classes or series (howsoever described in the fund prospectus or any other relevant fund document) of shares or units, and the Calculation Agent determines (in good faith and a commercially reasonable manner) at any time, taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the fund prospectus or any other relevant fund document), that such other class or series has or may have an adverse effect on the hedging activities of the Issuer or any of its designated affiliates (as applicable) in relation to the Notes;

(q) (i) the Calculation Agent determines, at any time, that the NAV per unit is inaccurate, or (ii) the reported net asset value of the units in the Reference Fund misrepresents the net asset value of such units;

(r) any material modification of the method of calculating the NAV per unit;

(s) any change in the periodicity of the calculation or the publication of the NAV per unit;

(t) any change in the length of notice periods for redemptions or transfers in relation to the Reference Fund;

(u) a Reference Fund Disruption Event (as defined in Condition 9A) has occurred and is continuing for at least three consecutive Reference Fund Valuation Days (as defined in Condition 9A);

(v) the exposure (expressed as percentage) of the Reference Fund to securities with a credit quality (based upon the lowest credit ratings from S&P, Moody's and Fitch when available) below B, B2 or B for S&P, Moody's and Fitch respectively exceeds 35 per cent.; the aggregated level of leverage (expressed as percentage) of the Reference Fund exceeds 20 per cent.;

(w) the Calculation Agent determines that, over any period not exceeding twelve months, the total net value of the assets of the Reference Fund has decreased by 30 per cent. (either due to redemptions, a decrease in value of such assets or otherwise); or

(x) the Calculation Agent determines that, over any period not exceeding twelve months (ending on the immediately preceding date on which the Reference Fund Adviser published the total value of the assets it managed), the total value of the assets managed by the Reference Fund Adviser (including the Reference Fund) has decreased by 50 per cent. (either due to redemptions, a decrease in value of such assets or otherwise).

Following the occurrence of such event, the Calculation Agent may make certain adjustments to or substitutions for the affected Reference Fund, Reference Fund unit and/or any other Terms and Conditions of the Notes as the Calculation Agent may determine in good faith and in a commercially reasonable manner, or the Calculation Agent may determine in good faith and in a commercially reasonable manner that the relevant Notes shall be terminated upon payment to the holders thereof of the Fair Market Value of such Notes (taking into account the redemption proceeds (if any) which a Hypothetical Investor would have received in relation to the relevant fund (in accordance with the Terms and Conditions of the Notes) and any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements), each of which may result in a loss to such holders.

Tax and Currency Risk

The tax status of Reference Funds in those jurisdictions in which they conduct their business and/or any change in taxation rules or treatment in such jurisdictions could affect the value of the assets of such Reference Funds or the ability of Reference Funds to achieve their investment objectives. Consequently this could adversely affect the value of the Notes linked to such Reference Funds. In addition, remittance of income and capital gains generated by underlying investments of Reference Funds in certain countries and regions may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains. In any such circumstances, the value of the notional shares of Reference Funds may be adversely affected and as a result the relevant Reference Funds and the value of the Notes may be adversely affected.

Class of Investments

Prospective purchasers or investors should note that Reference Funds may have legal or other discretions in relation to their investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Reference Funds. Therefore, there is a risk that return on an investment in Reference Funds may not be achieved. This would have an adverse effect on the value of the Notes and any amounts payable thereunder. The Reference Fund(s) may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, in which case market prices will tend to be more volatile.

Investment Risk

There can be no assurance that any Reference Fund will achieve its investment objectives. The investment income of each Reference Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Reference Funds' investment income may be expected to fluctuate in response to changes in such expenses or income and this may have an adverse effect on the value of the Notes and any amounts payable thereunder.

High yield

Some Reference Funds may invest in high yield securities. High yield securities are typically medium or lower rated securities and are sometimes referred to as "junk bonds". Such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. The risk of loss due to default by issuers of high yield securities is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Reference Funds which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Reference Funds may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Reference Funds. All such risks could adversely affect the value of Notes linked to Reference Funds which invest in high yield securities.

Reference Funds with One or More Currency Hedged Share Classes

Certain share classes in a Reference Fund may hedge their currency exposure using forward FX contracts and spot FX contracts. All gains, losses and expenses arising from hedging transactions for a particular share class are attributed only to that share class and should generally be borne only by the investors in that share class. However, in respect of certain Reference Funds there is no legal segregation of share class such that there is a risk that, if the assets notionally allocated to a currency hedged share class are insufficient to meet the losses arising from its hedging transactions (in addition to other fees and expenses attributable to such share class), the losses arising from such the hedging transactions could affect the net asset value per share of one or more other share classes of the same Reference Fund.

Provision of information

None of the Issuer or any of its affiliates is under any obligation to provide information in respect of any Reference Fund underlying the Notes (including any information relating to the creditworthiness of such Reference Funds) or monitor whether or not any event or circumstance in respect of any Reference Funds underlying the Notes has occurred. The Issuer may have acquired, or during the term of the Notes may acquire, non public information with respect to one or more Reference Funds. The Issuer is not under any obligation to make such information available to holders of such Notes. Therefore, an investor in the Notes should obtain and evaluate information concerning the relevant Reference Funds as it would if it were investing directly in such Reference Funds.

Additional considerations/risk factors set out in offering documents relating to Reference Funds

Investors in Fund-Linked Notes should note that there may be particular investment considerations and risk factors set out in the offering documentation relating to the Reference Funds and are advised to read and consider such offering documentation in making an investment decision to invest in such Notes. Such information is not incorporated by reference and does not form part of this Offering Circular.

13. Considerations relating to Green Notes

The use of proceeds of the Notes may not meet investor expectations or requirements

In relation to Tranches of Notes which are specified in the relevant Pricing Supplement as being "Green Notes" (hereinafter referred to as "**Green Notes**"), the HSBC Group will exercise its judgement and sole discretion in determining the businesses and projects that satisfy certain eligibility requirements that purport to promote green initiatives ("**Green Assets**") to which an amount equivalent to the net proceeds of the issuance of the Green Notes (the "**Proceeds**") will be allocated. If the use of the proceeds of the Notes is a factor in an investor's decision to invest in the Notes, they should consider the disclosure in the relevant Pricing Supplement relating to any specific Tranche of Notes and consult with their legal or other advisers before making an investment in the Notes. There is no contractual obligation to allocate the Proceeds or to publish annual progress reports in the relevant Pricing Supplement. The HSBC Group's failure to so allocate or report, the failure of any of the businesses and projects to which the Proceeds are allocated to meet a specific framework or the failure of external assurance providers to opine on the Green Assets, any progress report's or its conformity with a specific framework, will not constitute an Event of Default with respect to the Notes and may affect the value of the Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in Green Assets, which may in turn affect the liquidity of the Notes. Furthermore, any such failure will not lead to an obligation of the Issuer to redeem such Notes.

The Green Notes will be subject to bail-in and the resolution powers under FIRO that may be exercised by the Hong Kong Monetary Authority, to the same extent and with the same ranking as any other equivalent Notes which are not Green Notes. As such, the proceeds of the issuance of any Green Notes may be used to absorb losses of the Issuer regardless of their "green" or any such other equivalent label and whether such losses stem from "green" assets or other assets of the Issuer without any such label.

No assurance can be given that the Green Notes or any Green Assets will meet investor expectations or requirements regarding "green" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy**") or Regulation (EU) 2020/852 as it forms part of the domestic law of the UK by virtue of the EUWA), or that any adverse environmental and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the businesses and projects to which the Proceeds are allocated, which may affect the value of the Notes. Legal or regulatory definitions or market views as to what constitutes a "green" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or any such other equivalent label may vary. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any of the businesses and projects to which the Proceeds are allocated will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives. The HSBC Green Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the HSBC Group) which may be made available in connection with the issue of the Notes and in particular with any of the businesses and projects to which the Proceeds are allocated to fulfil any environmental and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Offering Circular. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold the Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. The criteria and/or considerations which form the basis of any opinion or certification may change at any time and any opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. The providers of such opinions and certifications are not currently subject to any specific regulatory or other regime or oversight.

The listing of any Notes on any dedicated 'green', or other equivalently-labelled segment of any stock exchange or securities market is subject to change and may not meet investor expectations or requirements

If a Tranche of Notes is at any time listed or admitted to trading on any dedicated "green", "environmental" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any projects or uses, the subject of or related to, any of the businesses and projects to which the Proceeds are allocated. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of a Tranche of Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes, and any failure to obtain or maintain such listing may affect the value of the Notes.

There is no direct financial link between Green Notes and Green Assets, Green Notes are not linked to the performance of the Green Assets and do not benefit from any arrangements to enhance the performance of the Green Assets or any contractual rights derived solely from the intended use of proceeds of such Green Notes

There is no direct financial link between the Green Notes and any Green Assets. The performance of the Green Notes is not linked to the performance of the relevant Green Assets or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Notes and the Green Assets. Consequently, neither payments of principal and/or interest on the Green Notes nor any rights of Noteholders shall depend on the performance of the relevant Green Assets or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Notes shall have no preferential rights or priority against any Green Assets nor benefit from any arrangements to enhance the performance of the Green Notes.

See also the investment consideration entitled "*The Issuer gives no representation or assurance as to the environmental, social or sustainable impact of any Reference Asset*".

14. Considerations relating to Notes issued in tokenised and/or digital form

Tokenised Notes issued under the Programme may be created, issued, settled, transferred, and maintained on digital platforms which may or may not utilise the DLT, and such Tokenised Notes may not be cleared through any existing central securities depository systems. Prospective investors should carefully take into account the following considerations, in addition to the other information contained in this Offering Circular, before investing in the Tokenised Notes.

Technology Risks

DLT is exposed to failure of technology partners

DLT relies on other technology providers to provide certain services as part of the product. The Noteholders may need to rely on the procedures of the DLT platforms operated by such technology providers and its participants to receive payments under the Tokenised Notes. The Issuer may be dependent on such technology providers to discharge some of its obligations under the Tokenised Notes and maintain the existence of the Tokenised Notes in tokenised and/or digital form. Should these services no longer be available, for whatever reason, investors may no longer be able to access their investment and it may be impossible for the Issuer to continue keeping the Tokenised Notes in tokenised and/or digital form (as the case may be) and fulfilling its obligations thereunder.

Moreover, the DLT platforms operated by other technology providers may contain errors or function in unexpected ways, which may lie outside the Issuer's exclusive control. Any error or unexpected functionality may cause a loss of confidence in such platforms and result in a decline in market value of the Tokenised Notes traded through such platforms, or result in a variety of other adverse consequences for the Noteholders such as delays in transfer of the Tokenised Notes.

Cyber security incidents

Cyber security incidents may compromise an issuer, its operations or its business. Cyber security incidents may also specifically target a user's transaction history, digital assets, or identity, thereby leading to privacy concerns. In addition, certain features of the DLT, such as decentralisation, open-source protocol, and reliance on peer-to-peer connectivity, may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response. This may adversely affect an investment in the Tokenised Notes.

Malicious actors could manipulate distributed ledger networks and smart contract technology upon which digital assets rely and increase the vulnerability of distributed ledger networks

If a malicious actor, including a state-sponsored actor, is able to hack or otherwise exert unilateral control over a particular distributed ledger network, or the digital assets on such a network, that actor could attempt to divert assets from that distributed ledger or otherwise prevent the confirmation of transactions recorded on that distributed ledger. Digital assets have been the subject of attempted manipulation by hackers to use them for malicious purposes. For example, misuses could occur if a malicious actor obtains a majority of the processing power controlling the digital asset validating activities and altering the distributed ledger on which digital asset transactions rely. Moreover, if the award for solving transaction blocks for a particular digital asset declines, and transaction fees are not sufficiently high, the incentive to continue validating distributed ledger transactions would decrease and could lead to a stoppage of validation activities. The collective processing power of that distributed ledger would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaptation and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the distributed ledger network more vulnerable to malicious actors' obtaining control of the processing power over distributed ledger network processing. This may adversely affect an investment in the Tokenised Notes.

The extent to which digital assets are used to fund criminal or terrorist enterprises or launder the proceeds of illegal activities could materially impact adoption of digital assets

The potential, or perceived potential, for anonymity in transfers of digital assets, as well as the decentralised nature of distributed ledger networks, has led some terrorist groups and other criminals to solicit certain digital assets for capital raising purposes. As digital assets have grown in both popularity and market size, government authorities have been examining the operations of DLT and digital assets, their users, investors and exchanges, concerning the use of digital assets for the purpose of laundering the proceeds of illegal activities or funding criminal or terrorist enterprises. In addition to the current market, new distributed ledger networks or similar technologies may be developed to provide more anonymity and less traceability. The use of digital assets for illegal purposes, or the perception of such use, could result in significant reputational damage, damage to the reputation of digital assets and a loss of confidence in the services provided by the DLT community as a whole. This may adversely affect an investment in the Tokenised Notes.

Regulatory Risks

The regulatory regime governing the DLT has not been harmonised among international jurisdictions. Hence, new regulations or policies, which might include security, privacy or other regulatory concerns that could require changes to distributed ledger networks, are likely to rapidly evolve. New, changing or conflicting laws and regulations or interpretations of existing laws and regulations may materially adversely affect the qualification and/or transfer and/or viability of the Tokenised Notes in the future. In addition, failure by the Issuer or other persons involved in the issuance and distribution of the Tokenised Notes to comply with any laws, rules and regulations (such as licensing requirements to perform certain activities), some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, or reputational damage.

Liquidity Risks

DLT is a nascent and rapidly changing technology and as a result the new capabilities are not fully proven in use and remain largely untested in financial markets. The development of distributed ledger networks is therefore subject to a high degree of uncertainty. The use of DLT in the context of an issuance of notes is still at an early development stage. The process for creating, issuing, settling, transferring and maintaining notes on any DLT platform may not perform as well as in the existing central securities depository systems such as Euroclear, Clearstream, Luxembourg or the CMU.

A lack of expansion in the usage of DLT or a negative trend in respect of market participant acceptance of digital securities could have an adverse impact on the Tokenised Notes issued and traded using a DLT platform. A breach to one distributed ledger could cause investors, and the public generally, to lose trust in the DLT and increase reluctance to issue and invest in securities recorded on distributed ledgers. If investments in digital assets become less attractive to the market, or if distributed ledger networks and digital assets do not gain acceptance, there could be an adverse impact on the Tokenised Notes and thereby impact the liquidity of such Tokenised Notes.

FORM OF THE NOTES

The Notes of each Series will be in (i) bearer form, with or without interest coupons attached, (ii) registered form, without interest coupons attached, and/or (iii) tokenised and/or digital form. Bearer Notes will be issued outside the United States, only to non-U.S. Persons, in reliance on Regulation S under the Securities Act and Registered Notes will be issued outside the United States, only to non-U.S. persons, in reliance on the exemption from registration provided by Regulation S.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be represented on issue by a Temporary Bearer Global Note or, if so specified in the applicable Pricing Supplement, a Permanent Bearer Global Note which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg or (ii) a sub-custodian for the CMU.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or the Lodging Agent and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent (as defined in "*Terms and Conditions of the Notes*"). On and after the Exchange Date, as specified in Condition 1.2, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** certain U.S. persons will not be able to receive definitive Bearer Notes. The CMU may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders have so certified. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited by CMU and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either (a) not earlier than the Exchange Date (i), in the case of Notes held by a Common Depositary for Euroclear and Clearstream, Luxembourg, from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Issuing and Paying Agent as described therein or (ii), in the case of Notes held through a sub-custodian for the CMU, from the relevant account holders therein to the Lodging Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 6) has occurred and is continuing or (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have, or in the case of Notes cleared through the

CMU, the CMU has, been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) if so specified in the Pricing Supplement, at the option of the bearer thereof (or, if and for so long as the Bearer Global Notes represented by the Permanent Bearer Global Note is held through the CMU, relevant account holders therein), and upon the request of the bearer (or, if and for so long as the Bearer Global Notes represented by the Permanent Bearer Global Note in definitive form is held through the CMU, relevant account holders therein). The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, (b) in the case of Notes held through a sub-custodian for the CMU, the relevant account holders therein, may give notice to the Issuing and Paying Agent or, as the case may be, the Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Issuing and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent or, as the case may be, the Lodging Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and on all interest coupons and talons relating to such Notes where TEFRA D Rules are specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form without interest coupons or talons (a "**Registered Global Note**", together with any Bearer Global Note, the "**Global Notes**" and each a "**Global Note**") which will be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear, Clearstream, Luxembourg or the CMU and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be (i) deposited with a Common Depositary for, and registered in the name of a common nominee of, Euroclear, Clearstream, Luxembourg and/or (ii) deposited with a sub-custodian for the CMU (if applicable), as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the person shown on the register kept by the Registrar as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor, the Issuing and Paying Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8.2(c)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) if so specified in the Pricing Supplement, at the option of the holder or, in the case of Notes cleared through the CMU, any person set out in a relevant notification, or (iii) in the case of a Registered Global Note registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg and, in the case of Notes cleared through the CMU, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or, in the case of Notes held through a sub-custodian for the CMU, the relevant account holders therein may give notice to the Registrar or the Lodging Agent, as the case may be, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Registrar requesting exchange. In the event of the occurrence of an Exchange Event as described in (ii) above, the bearer thereof (or, if and for so long as the Bearer Notes represented by the Permanent Global Note in definitive form is held through the CMU, relevant account holders therein) must, not less than 45 days before the date upon which the delivery of such Definitive Notes and/or Registered Notes is required, deposit the Bearer Notes represented by the Permanent Global Note in definitive form with the Issuing and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream, Luxembourg and the CMU, in each case to the extent applicable.

General

Pursuant to the Issuing and Paying Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Issuing and Paying Agent or, as the case may be, the Lodging Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, CMU instrument number and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg or the CMU, each person (other than Euroclear and/or Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be

construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited by CMU as being held through the CMU in accordance with the CMU Rules (as defined in the Issuing and Paying Agency Agreement) and such payments shall discharge the obligation of the relevant Issuer or, as the case may be, the Guarantor in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 6. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the terms and conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 6.00 p.m. (Hong Kong time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear, Clearstream, Luxembourg and/or the CMU, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and/or the CMU on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 13 March 2019 and executed by the relevant Issuer.

Tokenised Notes

The Tokenised Notes may be represented in a form other than the Temporary Global Note, Permanent Global Note, Definitive Note, Global Registered Note Certificate and Individual Registered Note Certificate. Such Tokenised Notes may be created, issued, settled, transferred, and maintained on digital platforms which may or may not utilise the DLT, and may not be cleared through any existing central securities depository systems such as Euroclear, Clearstream, Luxembourg or the CMU. Tokenised Notes that are not treated as in "registered form" for U.S. federal income tax purposes will be sold in compliance with the TEFRA C Rules or TEFRA D Rules.

Further information in relation to the Tokenised Notes will be set out in the relevant Pricing Supplement or supplemental offering circular, as the case may be.

TERMS AND CONDITIONS OF THE NOTES

The following (disregarding the italicised paragraphs) are the Terms and Conditions of the Notes which as supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to each Series or Tranche of Notes:

This Note is one of a Series (as defined below) of Notes issued by The Hongkong and Shanghai Banking Corporation Limited (the "**Bank**") acting through its principal office in Hong Kong or, as the case may be, acting through the branch specified as being the Specified Branch in the applicable Pricing Supplement (as defined below) or any additional issuer which has acceded to the Programme by executing a deed of adherence (the "**Deed of Adherence**") pursuant to the terms of the Issuing and Paying Agency Agreement referred to below (each a "**New Issuer**" and together with the Bank, the "**Issuers**" and each an "**Issuer**").

The Notes are issued pursuant to and in accordance with an amended and restated issuing and paying agency agreement (as amended, supplemented or replaced from time to time, the "**Issuing and Paying Agency Agreement**") dated 15 March 2024 and made between the Bank, The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent (the "**Issuing and Paying Agent**", which expression shall include any successor to The Hongkong and Shanghai Banking Corporation Limited in its capacity as such) and as principal registrar (the "**Principal Registrar**", which expression shall include any successor to The Hongkong and Shanghai Banking Corporation Limited in its capacity as such). The Issuing and Paying Agency Agreement contains provisions for the appointment of additional paying agents (the "**Paying Agents**", which expression shall include the Issuing and Paying Agent and any substitute paying agents appointed in accordance with the Issuing and Paying Agency Agreement). Notes issued by the Bank have the benefit of a deed of covenant (as amended, supplemented or replaced from time to time, the "**Deed of Covenant**") dated 13 March 2019 executed by the Bank in relation to the Notes. Notes issued by a New Issuer have the benefit of a new deed of covenant (as amended, supplemented or replaced from time to time, the "**New Deed of Covenant**" (in or substantially in the form scheduled to the Issuing and Paying Agency Agreement)) executed by the New Issuer (and the term "**Deed of Covenant**" in relation to any such New Issuer shall be deemed to include the New Deed of Covenant). Notes issued by a New Issuer have the benefit of a deed of guarantee (as amended, supplemented or replaced from time to time, the "**Deed of Guarantee**" (in or substantially in the form scheduled to the Issuing and Paying Agency Agreement)) executed by The Hongkong and Shanghai Banking Corporation Limited (the "**Guarantor**"). Copies of the Issuing and Paying Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Principal Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issuing and Paying Agency Agreement, the Deed of Covenant and the Deed of Guarantee insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of a pricing supplement (each, a "**Pricing Supplement**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issuing and Paying Agent and/or, as the case may be, the Registrar (as defined in Condition 2.2). In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Pricing Supplement will only be available for inspection by a Holder (as defined in Condition 2) of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Notes.

References in these Terms and Conditions to:

(i) the Issuer are to whichever one of the Bank or any New Issuer as is specified as such in the Pricing Supplement(s) prepared in relation to the Notes of the relevant Tranche or Series;

(ii) Notes are to Notes of the relevant Tranche or Series and any references to Coupons (as defined in Condition 1.6) are to Coupons relating to Notes of the relevant Series; and

(iii) the Pricing Supplement are to the Pricing Supplement(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Pricing Supplement.

1. Form and Denomination

1.1 Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), as specified in the Pricing Supplement and are serially numbered. Registered Notes will not be exchangeable for Bearer Notes.

Bearer Notes

1.2 The Pricing Supplement shall specify whether U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D) or any successor rules substantially in the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**TEFRA D Rules**") or U.S. Treasury Regulation section 1.163-5(c)(2)(i)(C) any successor rules or substantially in the same form that are applicable for purposes of 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**TEFRA C Rules**") shall apply, or whether TEFRA shall not be applicable. Unless the Pricing Supplement specifies that TEFRA C Rules are applicable in respect of the Notes or that TEFRA is not applicable and that the Notes are represented on issue by a permanent global note (a "**Permanent Global Note**"), each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "**Temporary Global Note**").

Where the Pricing Supplement applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply or that TEFRA is not applicable, such Pricing Supplement shall also specify whether such Tranche is represented upon issue by a Temporary Global Note or a Permanent Global Note.

Interests in a Temporary Global Note may be exchanged for:

(a) interests in a Permanent Global Note; or

(b) if so specified in the Pricing Supplement, definitive notes in bearer form ("**Definitive Notes**") and/or (in the case of a Series comprising both Bearer Notes and Registered Notes and if so specified in the Pricing Supplement) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes or that TEFRA is not applicable) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

1.3 The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

1.4 Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes or that TEFRA is not applicable and subject to Condition 1.3 above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received by the Issuing and Paying Agent (in the case of a Temporary Global Note lodged with a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**HKMA**") (the "**CMU**")) or (in any other case) by Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note or (subject to Condition 1.3 above) a Temporary Global Note (if the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes or that TEFRA is not applicable) will be made through the CMU or Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

1.5 Interests in a Permanent Global Note will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Note, for Definitive Notes and/or (in the case of a Series comprising both Bearer and Registered Notes and if so specified in the Pricing Supplement) Registered Notes, (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if Notes represented by the Permanent Global Note are held on behalf of the CMU or Euroclear or Clearstream, Luxembourg or any other relevant clearing system and the relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so; or (c) if so specified in the Pricing Supplement, at the option of the Holder of such Permanent Global Note upon such Holder's request, in all cases at the cost and expense of the Issuer. In order to exercise the option contained in paragraph (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Notes and/or Registered Notes is required, deposit the relevant Permanent Global Note with the Issuing and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If the Issuer does not make the required delivery of Definitive Notes and/or Registered Notes by 6.00 p.m. (Hong Kong time) on the day on which the relevant notice period expires or, as the case may be, the thirtieth day after the day on which such Permanent Global Note becomes due to be exchanged and, in the case of (a) above, such Note is not duly redeemed (or the funds required for such redemption are not available to the Issuing and Paying Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (Hong Kong time) on the thirtieth day after the day on which such Note became immediately redeemable such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.

1.6 Interest-bearing Definitive Notes have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Definitive Notes, if so specified in the Pricing Supplement, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

Global Registered Note Certificates

1.7 Registered Notes of each Tranche may be represented by one or more global Notes in registered form without Coupons or Talons. Unless specified otherwise in the applicable Pricing Supplement, Registered Notes sold outside the United States in reliance on Regulation S under the Securities Act, ("**Unrestricted Notes**") in global form will be either (i) deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date therefor with a sub-custodian in Hong Kong for the CMU. Interests in such global Unrestricted Notes will be exchangeable for individual Notes in registered form ("**Individual Registered Note Certificates**") if so specified in the relevant Pricing Supplement and in accordance with their respective terms.

Denomination

Denomination of Bearer Notes

1.8 Except for Notes which are specified in the Pricing Supplement as being issued as units ("**Units**"), Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Pricing Supplement. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

Denomination of Registered Notes

1.9 Except for Notes which are specified in the Pricing Supplement as being issued as Units, Registered Notes are in the minimum denomination specified in the Pricing Supplement or integral multiples thereof.

Nominal Amount of Notes issued as Units

1.10 Notes which are specified in the Pricing Supplement as being issued as Units have the nominal amount per Note as specified in the Pricing Supplement.

Currency of Notes

1.11 The Notes are denominated in such currency as may be specified in the Pricing Supplement. Any currency may be so specified (including, without limitation, Australian Dollars ("**AUD**"), Canadian Dollars ("**CAD**"), euro ("**EUR**"), Hong Kong dollars ("**HK$**"), Indonesian Rupiah ("**IDR**"), Japanese Yen ("**JPY**"), Malaysian Ringgit ("**MYR**"), New Zealand Dollars ("**NZD**"), Pounds Sterling ("**GBP**"), Renminbi ("**RMB**" or "**CNY**"), Singapore Dollars ("**SGD**"), Thai Baht ("**THB**") and United States dollars ("**U.S.$**")), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

2. Title and Transfer

2.1 Title to Bearer Notes and Coupons passes by delivery. References herein to the "**Holders**" or "**Noteholders**" of Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

2.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. The Issuing and Paying Agency Agreement enables the Issuer and the Guarantor to appoint a registrar (the "**Alternative Registrar**") other than the Principal Registrar in relation to any Series comprising Registered Notes. For the purposes of these Terms and Conditions, "**Registrar**" means, in relation to any Series comprising Registered Notes, the Principal Registrar or, as the case may be, the Alternative Registrar, as specified in the Pricing Supplement provided always that where such Series is listed on the Hong Kong Stock Exchange, the Registrar shall have its specified office in Hong Kong. References herein to the "**Holders**" or "**Noteholders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

2.3 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes

2.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement, be transferred in whole or in part only (**provided that** such Registered Note is not issued as Units and such part is, or is an integral multiple of, the minimum denomination specified in the Pricing Supplement) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

2.5 If so specified in the Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Issuing and Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.7) where the exchange date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 8.2(c)) for such payment of interest and the date on which such payment of interest falls due.

2.6 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issuing and Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Issuing and Paying Agent until the day following the due date for such payment.

2.7 For the purposes of these Terms and Conditions:

(a) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Issuing and Paying Agent, in the place where the specified office of the Issuing and Paying Agent is located;

(b) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and

(c) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

2.8 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Issuing and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issuing and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

3. Status and Guarantee

Notes

3.1 (a) This Condition 3.1 is applicable to all Notes which are specified in the applicable Pricing Supplement as being Notes issued by the Bank.

(b) The Notes of each Series issued by the Bank constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank, ranking *pari passu* without any preference among themselves and, at their date of issue, ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank other than any such obligations preferred by provisions of law that are both mandatory and of general application.

Guaranteed Notes

3.2 (a) This Condition 3.2 is applicable to all Notes which are specified in the applicable Pricing Supplement as being Guaranteed Notes issued by any New Issuer ("**Guaranteed Notes**").

(b) The Guaranteed Notes of each Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant New Issuer, ranking *pari passu* without any preference among themselves and, at their date of issue, ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the relevant New Issuer other than any such obligations as are preferred by provisions of law that are both mandatory and of general application.

(c) The Guaranteed Notes will be guaranteed as to payment of principal and interest by the Bank upon the terms of the guarantee (the "**Guarantee**") to be contained in a deed of guarantee (as amended, supplemented or replaced from time to time) (the "**Deed of Guarantee**").

(d) In relation to each Series of Guaranteed Notes, claims in respect of the Guarantee rank, at the date of issue of such Notes, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank other than any such obligations as are preferred by provisions of law that are both mandatory and of general application.

3.3 ***Definition of "Subsidiary"***

In these Terms and Conditions, "**Subsidiary**" means a subsidiary as defined in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong.

4. Interest

Interest

4.1 Notes may be interest-bearing or non interest-bearing, as specified in the Pricing Supplement. Words and expressions appearing in this Condition 4 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 4.12.

Interest-bearing Notes

4.2 Notes which are specified in the Pricing Supplement as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate and such interest shall be payable in arrear on each Interest Payment Date.

Screen Rate Determination for Floating Rate Notes not referencing SONIA, SOFR, €STR, SORA or TONA

4.3 If Screen Rate Determination for Floating Rate Notes not referencing SONIA, SOFR, €STR, SORA or TONA is specified in the relevant Pricing Supplement as being applicable, then the Interest Rate applicable to the relevant Notes for each Interest Accrual Period will be determined by the Calculation Agent on the following basis, subject always to the provisions of Condition 11A (*Consequences of a Benchmark Trigger Event*):

(a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, and unless otherwise specified in the relevant Pricing Supplement, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;

(B) determine the arithmetic mean of such quotations; and

(d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the relevant currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the relevant currency) on the first day of the relevant Interest Accrual Period for loans in the relevant currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time;

provided, however, that if the Calculation Agent or the Issuer (in consultation with the Calculation Agent) determines that in its opinion (x) there is no realistic prospect of the Reference Banks providing the quotations specified in (c)(A) above or (y) any such quotations are unlikely to be representative of an underlying market:

(I) the Calculation Agent shall not be required to request the quotations specified in (c)(A) above or to make the determination specified in (d) above; and

(II) the Calculation Agent may (in consultation with the Issuer) determine a rate by reference to such other sources and/or methodology as directed by the Issuer acting in good faith and a commercially reasonable manner,

and the Interest Rate for such Interest Accrual Period shall be the sum of the Relevant Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to (or where the above proviso applies, elects not to) determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions or the relevant Pricing Supplement in relation to any Interest Accrual Period, the Interest Rate applicable to the Notes during such Interest Accrual Period will be the sum of the Relevant Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Accrual Period.

ISDA Determination

4.4A If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Notes for each Interest Accrual Period will be the sum of the Relevant Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) (A) the "**Floating Rate Option**" is as specified in the relevant Pricing Supplement;

(B) the "**Designated Maturity**", if applicable, is a period specified in the relevant Pricing Supplement;

(C) the relevant "**Reset Date**" unless otherwise specified in the relevant Pricing Supplement, has the meaning given to it in the ISDA Definitions; and

(D) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Pricing Supplement and:

(I) if Compounding with Lookback is specified as the Compounding Method in the relevant Pricing Supplement, then (i) Compounding with Lookback is the Overnight Rate Compounding Method and (ii) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

(II) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Pricing Supplement, then (i) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (ii) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (iii) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(III) if Compounding with Lockout is specified as the Compounding Method in the relevant Pricing Supplement, then (i) Compounding with Lockout is the Overnight Rate Compounding Method, (ii) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (iii) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Pricing Supplement and:

(I) if Averaging with Lookback is specified as the Averaging Method in the relevant Pricing Supplement, then (i) Averaging with Lookback is the Overnight Rate Averaging Method and (ii) Lookback is the number of Applicable Business Days specified in relevant Pricing Supplement;

(II) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Pricing Supplement, then (i) Averaging with Overnight Period Shift is the Overnight Rate Averaging Method, (ii) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (iii) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(III) if Averaging with Lockout is specified as the Averaging Method in the relevant Pricing Supplement, then (i) Averaging with Lockout is the Overnight Rate Averaging Method, (ii) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (iii) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(F) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and (i) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (ii) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(b) references in the ISDA definitions to:

(A) "**Confirmation**" shall be references to the relevant Pricing Supplement;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the final Interest Period End Date; and

(D) "**Effective Date**" shall be references to the Interest Commencement Date;

(c) an "Administrator/Benchmark Event" shall be deemed to have occurred for the purpose of the 2021 ISDA Definitions and this Condition 4.4A if there is an event or circumstance which has the effect that the Issuer or the Calculation Agent is not, or will not be, permitted under any applicable law or regulation to use the Applicable Benchmark (as defined in the 2021 ISDA Definitions) under such interest rate swap transaction to perform its or their obligations under the Notes; and

(d) unless otherwise defined, capitalised terms used in this Condition 4.4A shall have the meaning ascribed to them in the ISDA Definitions,

provided, however, that:

(A) if in relation to any Interest Accrual Period the application of the above provisions does not result in the determination of an ISDA Rate and the Issuer (in consultation with the Calculation Agent) has not determined a Benchmark Trigger Event to have occurred, then (I) the Calculation Agent shall determine the ISDA Rate for such Interest Accrual Period having regard to such facts and circumstances as it considers relevant and (II) the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the ISDA Definitions) for purposes of determining the ISDA Rate for such Interest Period notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the ISDA Definitions; and

(B) in relation to any Interest Period, the Issuer (in consultation with the Calculation Agent) determines a Benchmark Trigger Event to have occurred, then (I) the provisions of Condition 11A (*Consequences of a Benchmark Trigger Event*) shall apply and (II) the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the ISDA Definitions) for purposes of determining the ISDA Rate for such Interest Accrual Period notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the ISDA Definitions.

4.4B (a) If Screen Rate Determination for Floating Rate Notes referencing SONIA, SOFR, €STR, SORA or TONA is specified in the relevant Pricing Supplement as being applicable, then the Interest Rate applicable to the Notes for each Interest Accrual Period will be the sum of the Relevant Margin and the Relevant Rate, all as determined by the Calculation Agent on the Interest Determination Date for such Interest Accrual Period.

(b) If the Notes become due and payable in accordance with Condition 6.1 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which the Notes became due and payable and the Interest Rate applicable to the Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(c) If "Payment Delay" is specified as the Observation Method in the relevant Pricing Supplement, all references in these Terms and Conditions of the Notes to interest on the Notes being payable on an Interest Payment Date shall be read as reference to interest on the Notes being payable on an Effective Interest Payment Date instead.

4.4C Definitions

"**Applicable Period**" means,

(A) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, in relation to any Interest Period, the Observation Period relating to such Interest Period; and

(B) where "Lag", "Lock-Out" or "Payment Delay" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period.

"**d**" means the number of calendar days in the Applicable Period.

"**d_0**" means the number of Reference Rate Business Days in the Applicable Period.

"**Effective Interest Payment Date**" means each date specified as such in the relevant Pricing Supplement.

"**i**" means a series of whole numbers from one to d_0, each representing the relevant Reference Rate Business Day in the Applicable Period in chronological order from (and including) the first Reference Rate Business Day in the Applicable Period (each a "**Reference Rate Business Day(i)**").

"**n_i**" means, in relation to any Reference Rate Business Day(i), the number of calendar days from (and including) such Reference Rate Business Day(i) up to (but excluding) the next following Reference Rate Business Day.

"**Non-Reset Date**" means each Reference Rate Business Day(i) in an Applicable Period, the Reference Rate Determination Date in relation to which falls on or after the Rate Cut-Off Date (if any).

"**Observation Period**" means, in relation to an Interest Period, the period from (and including) the date which is "p" Reference Rate Business Days prior to the first day of such Interest Period (and in respect of the first Interest Period, the Interest Commencement Date) and ending on (but excluding) the date which is "p" Reference Rate Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" Reference Rate Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means the whole number specified as such in the Pricing Supplement representing a number of Reference Rate Business Days.

"**Rate Cut-Off Date**" means:

(A) where "Lock-Out" is specified as the Observation Method in the relevant Pricing Supplement and "SONIA" is specified as the relevant Reference Rate, in relation to any Interest Period, the Reference Rate Business Day immediately prior to the Interest Determination Date;

(B) where "Lock-Out" is specified as the Observation Method in the relevant Pricing Supplement and a Reference Rate other than SONIA is specified as the relevant Reference Rate, in relation to any Interest Period, the second Reference Rate Business Day falling prior to the Interest Determination Date;

(C) where "Payment Delay" is specified as the Observation Method in the relevant Pricing Supplement, and:

(I) "SONIA" is specified as the relevant Reference Rate, the Reference Rate Business Day immediately prior to the Interest Determination Date in relation to the final Interest Period only;

(II) a Reference Rate other than SONIA is specified as the relevant Reference Rate, the second Reference Rate Business Day falling prior to the Interest Determination Date; and

(D) in any other circumstances, no Rate Cut-Off Date shall apply.

"**Reference Rate**" means in relation to any Reference Rate Business Day:

(A) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Reference Rate Business Day as provided by the administrator of SONIA (or any successor administrator of such rate) to authorised distributors, or as otherwise published by such authorised distributors, on the Reference Rate Business Day immediately following such Reference Rate Business Day;

(B) where "SOFR" is specified as the Reference Rate in the relevant Pricing Supplement, a reference rate equal to the daily Secured Overnight Financing Rate ("**SOFR**") as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) or as published by its authorised distributors, on the next succeeding Reference Rate Business Day for trades made on such Reference Rate Business Day;

(C) where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, a reference rate equal to the daily euro short-term rate ("**€STR**") for such Reference Rate Business Day as published by the European Central Bank, as administrator of such rate (or any successor administrator of such rate) or as published by its authorised distributors, on the Reference Rate Business Day immediately following such Reference Rate Business Day; or

(D) where "SORA" is specified as the Reference Rate in the relevant Pricing Supplement, a reference rate equal to the daily Singapore Overnight Rate Average ("**SORA**") rate for such Reference Rate Business Day as provided by the Monetary Authority of Singapore as the administrator of such rate (or any successor administrator of such rate) or as published by its authorised distributors, on the Reference Rate Business Day immediately following such Reference Rate Business Day; or

(E) where "TONA" is specified as the Reference Rate in the relevant Pricing Supplement, a reference rate equal to the daily Tokyo Overnight Average Rate ("**TONA**") rate for such Reference Rate Business Day as provided by the Bank of Japan as the administrator of such rate (or any successor administrator of such rate) or as published by its authorised distributors, on the Reference Rate Business Day immediately following such Reference Rate Business Day.

"**Reference Rate(i)**" or "**REFi**" means in relation to any Reference Rate Business Day(i), the Reference Rate for the Reference Rate Determination Date in relation to such Reference Rate Business Day(i), **provided that** where either "Lock Out" or "Payment Delay" are specified as the Observation Method in the relevant Pricing Supplement, Reference Rate(i) (or REFi) in respect of each Interest Non-Reset Date (if any) in an Applicable Period shall be Reference Rate(i) (or REFi) as determined in relation to the Rate Cut-Off Date.

"**Reference Rate Business Day**" means:

(A) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in London;

(B) where "SOFR" is specified as the Reference Rate in the relevant Pricing Supplement, means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association ("**SIFMA**") recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

(C) where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, a Euro Business Day;

(D) where "SORA" is specified as the Reference Rate in the relevant Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in Singapore; or

(E) where "TONA" is specified as the Reference Rate in the relevant Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in Tokyo.

"**Reference Rate Determination Date**" means, in relation to any Reference Rate Business Day(i):

(A) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the Reference Rate Business Day falling "p" Reference Rate Business Days prior to such Reference Rate Business Day(i); and

(B) otherwise, such Reference Rate Business Day(i);

"**Relevant Rate**" means with respect to an Interest Period:

(A) where "Compounded Daily Rate" is specified as the Determination Method in the relevant Pricing Supplement, the rate of return of a daily compound interest investment (with the applicable Reference Rate specified in the Pricing Supplement as reference rate for the calculation of interest) calculated as follows, with the resulting percentage rounded, if necessary, (i) in the case of SONIA, €STR and SORA to the nearest one ten-thousandth of a percentage point (0.0001 per cent.), with 0.00005 per cent. being rounded upwards and (ii) in the case of SOFR and TONA to the nearest one hundred-thousandth of a percentage point (0.00001 per cent.), with 0.000005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{REF_i \times n_i}{Y}\right)-1\right] x \frac{Y}{d}$$

(B) where "Weighted Average Rate" is specified as the Determination Method in the relevant Pricing Supplement the arithmetic mean of Reference Rate(i) for each Reference Rate Business Day during such Applicable Period (each "**Reference Rate Business Day(i)**"), calculated by multiplying the relevant Reference Rate(i) for any Reference Rate Business Day(i) by the number of days such Reference Rate(i) is in effect (being the number of calendar days from (and including) such Reference Rate Business Day(i) up to (but excluding) the next following Reference Rate Business Day), determining the sum of such products and dividing such sum by the number of calendar days in the relevant Applicable Period.

"**Y**" is the number specified as such in the relevant Pricing Supplement, or if no number is so specified, a number reflecting the denominator for day count fractions customarily used to calculate floating rate interest amounts on instruments denominated in the Specified Currency and with an original maturity equal to that of the Notes, as determined by the Calculation Agent.

4.4D Additional Provisions applicable where "SONIA" or "€STR" is specified as the Reference Rate in the relevant Pricing Supplement:

Subject always to the provisions of Condition 11A (*Consequences of a Benchmark Trigger Event*) (as applicable):

(A) If, in respect of any Reference Rate Business Day(i) in the relevant Applicable Period, the Reference Rate is not published or otherwise provided as set out in the relevant definition thereof for the related Reference Rate Determination Date and neither (A) an Index Cessation Event and an Index Cessation Event Effective Date nor (B) an Administrator/Benchmark Event and an Administrator/Benchmark Event Date, in each case with respect to the Reference Rate, have occurred, Reference Rate(i) in respect of such Reference Rate Business Day(i) shall be the Reference Rate in respect of the last Reference Rate Business Day prior to the related Reference Rate Determination Date for which such Reference Rate was so published or otherwise provided as set out in the relevant definition thereof.

(B) If the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines either that (A) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (B) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to the Reference Rate(i), then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C:

(I) Reference Rate(i) in respect of each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date shall be deemed to be the Relevant Recommended Rate;

(II) if there is a Relevant Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date, but neither the administrator of the Relevant Recommended Rate nor authorised distributors provide or publish the Relevant Recommended Rate in respect of any Reference Rate Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, then, subject to paragraph (III) below, in respect of any Reference Rate Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, references to the Relevant Recommended Rate will be deemed to be references to the last provided or published Relevant Recommended Rate prior to the related Reference Rate Determination Date. If there is no last provided or published Relevant Recommended Rate, then in respect of any Reference Rate Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, references to the Relevant Recommended Rate will be deemed to be references to the last provided or published Reference Rate (without taking into account any deemed changes to the term "Reference Rate" pursuant to Condition 4.4D(B)(I) above) prior to the related Reference Rate Determination Date; and

(III) if:

(x) there is no Relevant Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date referred to in the first paragraph of Condition 4.4D(B) above; or

(y) there is a Relevant Recommended Rate and the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines either that (A) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (B) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to the Relevant Recommended Rate,

then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C, Reference Rate(i) in respect of each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date shall be deemed to be the Final Fallback Rate. In respect of any day for which the Final Fallback Rate is required, references to the Final Fallback Rate will be deemed to be references to the last provided or published Final Fallback Rate as at close of business in the RFR Financial Centre on that day.

(C) Definitions for the purposes of this Condition 4.4D and Condition 4.4F:

"**EDFR**" means, in respect of any relevant day, the rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem, in respect of that day;

"**EDFR Spread**" means:

(1) if no Relevant Recommended Rate is recommended before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date with respect to the Reference Rate referred to in the first paragraph of Condition 4.4D(B), the arithmetic mean of the daily difference between €STR and EDFR over an observation period of 30 Reference Rate Business Days starting 30 Reference Rate Business Days prior to the day on which the Index Cessation Event or (as applicable) Administrator/Benchmark Event with respect to the Reference Rate referred to in the first paragraph of Condition 4.4D(B) occurs and ending on the Reference Rate Business Day immediately preceding such day; or

(2) if an Index Cessation Event or Administrator/Benchmark Event with respect to the Relevant Recommended Rate occurs, the arithmetic mean of the daily difference between the Relevant Recommended Rate and EDFR over an observation period of 30 Reference Rate Business Days starting 30 Reference Rate Business Days prior to the day on which the Index Cessation Event or (as applicable) Administrator/Benchmark Event with respect to the Relevant Recommended Rate occurs and ending on the Euro Business Day immediately preceding such day;

"**Final Fallback Rate**" means in respect of any relevant day:

(1) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, the official bank rate as determined by the Monetary Policy Committee of the Bank of England and published by the Bank of England from time to time, in effect on that day; or

(2) where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, a rate equal to EDFR in respect of that day, plus the EDFR Spread;

"**RFR Financial Centre**" means:

(1) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, London; or

(2) where "″€STR" is specified as the Reference Rate in the relevant Pricing Supplement, Frankfurt; and

"**Relevant Recommended Rate**" means in respect of any relevant day:

(1) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, the rate (inclusive of any spreads or adjustments) recommended as the replacement for SONIA by (i) the administrator of SONIA if the administrator of SONIA is a national central bank, or (ii) if the national central bank administrator of SONIA does not make a recommendation or the administrator of SONIA is not a national central bank, a committee designated for this purpose by one or both of the Financial Conduct Authority (or any successor thereto) and the Bank of England and as provided by the then administrator or provider of that rate, or if that rate is not provided by the then administrator or provider thereof, published by an authorised distributor, in respect of that day;

(2) where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, the rate (inclusive of any spreads or adjustments) recommended as the replacement for €STR by:

(I) the European Central Bank (or any successor administrator for €STR); or

(II) a committee officially endorsed or convened by (a) the European Central Bank (or any successor administrator of €STR) and/or (b) the European Securities and Markets Authority,

in each case for the purpose of recommending a replacement for €STR (which rate may be produced by the European Central Bank or another administrator) and as provided by the then administrator of that rate or, if that rate is not provided by the then administrator thereof, published by an authorised distributor, in respect of that day;

(3) where "SORA" is specified as the Reference Rate in the relevant Pricing Supplement, the rate (inclusive of any spreads or adjustments) recommended as the replacement for SORA by the Monetary Authority of Singapore or by a committee officially endorsed or convened by the Monetary Authority of Singapore (which rate may be produced by the Monetary Authority of Singapore or another administrator) and as provided by the then administrator of that rate or, if that rate is not provided by the then administrator thereof, published by an authorised distributor, in respect of that day; or

(4) where "TONA" is specified as the Reference Rate in the relevant Pricing Supplement, the rate (inclusive of any spreads or adjustments) recommended as the replacement for TONA by a committee officially endorsed or convened by the Bank of Japan for the purpose of recommending a replacement for TONA (which rate may be produced by the Bank of Japan or another administrator) and as provided by the then administrator of that rate or, if that rate is not provided by the then administrator thereof, published by an authorised distributor, in respect of that day.

4.4E Additional Provisions applicable where "SOFR" is specified as the Reference Rate in the relevant Pricing Supplement:

Subject always to the provisions of Condition 11A (*Consequences of a Benchmark Trigger Event*) (as applicable):

(a) If, in respect of any Reference Rate Business Day(i) in the relevant Applicable Period, the Reference Rate is not published or otherwise provided as set out in the relevant definition thereof for the related Reference Rate Determination Date, and:

(A) where "ARRC Fallbacks" are specified as applicable in the relevant Pricing Supplement, a SOFR Transition Event and a related SOFR Replacement Date have not both occurred; or

(B) where "ARRC Fallbacks" are not specified as applicable in the relevant Pricing Supplement, and neither (I) an Index Cessation Event and an Index Cessation Effective Date nor (II) an Administrator/Benchmark Event and an Administrator Benchmark Event Date, in each case with respect to SOFR, have occurred,

Reference Rate(i) in respect of such Reference Rate Business Day(i) shall be the Reference Rate in respect of the last Reference Rate Business Day prior to the related Reference Rate Determination Date for which such Reference Rate was so published or otherwise provided as set out in the relevant definition thereof.

(b) Where "ARRC Fallbacks" are specified as applicable in the relevant Pricing Supplement, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) determines that a SOFR Transition Event and the related SOFR Replacement Date have occurred in relation to the Reference Rate (or any SOFR Replacement Rate previously determined in accordance with this Condition 4.4E on the Reference Rate Business Day on which a determination of Reference Rate is due to be made, the SOFR Replacement Rate will replace the then-current Reference Rate for all purposes and in respect of all determinations on such Reference Rate Business Day and (without prejudice to the further operation of this Condition 4.4E all subsequent determinations; **provided that**, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or its designee (in consultation with the Issuer) is unable to or does not determine a SOFR Replacement Rate in accordance with the provisions below prior to 5:00 p.m. (New York time) on the relevant Interest Determination Date, the interest rate for the related Interest Accrual Period will be equal to (I) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin relating to the relevant Interest Accrual Period, in place of the Margin relating to that last preceding Interest Accrual Period) or (II) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Accrual Period).

(c) If "ARRC Fallbacks" are not specified as applicable in the relevant Pricing Supplement, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) determines either that (A) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (B) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to SOFR, then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C,

(A) Reference Rate(i) in respect of such Reference Rate Business Day(i) shall be deemed to be the rate (inclusive of any adjustments or spreads) that was recommended as the replacement for SOFR by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for SOFR (which rate may be produced by the Federal Reserve Bank of New York or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof, published by an authorised distributor, in respect of that day (the "**Fed Recommended Rate**") as determined in relation to related Reference Rate Determination Date for such Reference Rate Business Day(i);

(B) if there is a Fed Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date with respect to SOFR, but neither the administrator nor authorised distributors provide or publish the Fed Recommended Rate, then, subject to paragraph (C) below, in respect of any day for which the Fed Recommended Rate is required, references to the Fed Recommended Rate will be deemed to be references to the last provided or published Fed Recommended Rate. However, if there is no last provided or published Fed Recommended Rate, then in respect of any day for which the Fed Recommended Rate is required, references to the Fed Recommended Rate will be deemed to be references to the last provided or published SOFR;

(C) if:

(I) there is no Fed Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date with respect to SOFR; or

(II) there is a Fed Recommended Rate and the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) determines either that (x) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (y) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to the Fed Recommended Rate,

then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C, Reference Rate(i) in relation to each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date with respect to SOFR or the Applicable Fallback Effective Date with respect to the Fed Recommended Rate (as applicable) will be the Overnight Bank Funding Rate ("**OBFR**") administered by the Federal Reserve Bank of New York (or a successor administrator), as determined in relation to the related Reference Rate Determination Date for such Reference Rate Business Day(i) but as if references to "Reference Rate Business Day(i)" were to "New York Fed Business Day", but so that in the case of the Applicable Period in which the Applicable Fallback Effective Date occurred, "d_0" shall be construed so that it means the aggregate of (x) the number of Reference Rate Business Days in the Applicable Period up to (but excluding) the Applicable Fallback Effective Date and (y) the number of New York Fed Business Days in the Applicable Period relating to such Interest Period from (and including) the Applicable Fallback Effective Date (and "i" shall be construed accordingly);

(D) if neither the administrator nor authorised distributors provide or publish the OBFR, then, subject to paragraph (E) below, in respect of any day for which the OBFR is required, references to the OBFR will be deemed to be references to the last provided or published OBFR;

(E) if:

(I) there is no Fed Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date with respect to SOFR, or there is a Fed Recommended Rate and an Applicable Fallback Effective Date subsequently occurs with respect to it; and

(II) there is an OBFR and the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) determines either that (x) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (y) both an Administrator/Benchmark Event and an Administrator Benchmark Event Date have occurred, in each case with respect to the OBFR, then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C, Reference Rate(i) in relation to each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date with respect to OBFR (or, if the Applicable Fallback Effective Date with respect to SOFR or the Applicable Fallback Effective Date with respect to the Fed Recommended Rate (as applicable) is later, the Reference Rate Business Day(i) occurring on or after the Applicable Fallback Rate with respect to SOFR or the Fed Recommended Rate, as applicable) will be the short-term interest rate target set by the Federal Open Market Committee, as prevailing on such Reference Rate Determination Date, or if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as prevailing on such Reference Rate Determination Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place with 0.005 being rounded upwards) (the "**FOMC Target Rate**") determined in accordance with the definition of

Reference Rate(i), but as if references to "Reference Rate Business Day(i)" were to "New York City Business Day", but so that in the case of the Applicable Period in which the Applicable Fallback Effective Date occurred, "d_0" shall be construed so that it means the aggregate of (i) the number of Reference Rate Business Days in the Applicable Period up to (but excluding) the Applicable Fallback Effective Date and (ii) the number of New York City Business Days in the Applicable Period relating to such Interest Period from (and including) the Applicable Fallback Effective Date (and "i" shall be construed accordingly); and

(III) In respect of any day for which the FOMC Target Rate is required, references to the FOMC Target Rate will be deemed to be references to the last provided or published FOMC Target Rate as at close of business in New York City on that day.

(d) Definitions for the purposes of this Condition 4.4E:

"**designee**" means an affiliate or any other agent of the Issuer;

"**Federal Reserve Board**" means the Board of Governors of the U.S. Federal Reserve System;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**New York City Business Day**" a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in New York City;

"**New York Fed Business Day**" means any day except for a Saturday, Sunday or a day on which the Fedwire Securities Services or the Fedwire Funds Service of the Federal Reserve Bank of New York is closed;

"**Reference Time**" with respect to any determination of the Reference Rate means (a) if the Reference Rate is SOFR, the time specified for such determination specified in the definition of the Reference Rate, and (b) if the Reference Rate is not SOFR, the time determined by the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer);

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

"**SIFMA**" means the Securities Industry and Financial Markets Association or any successor thereto;

"**SOFR Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) as of the SOFR Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Replacement;

(ii) if the applicable Unadjusted SOFR Replacement is equivalent to the ISDA Fallback Rate the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) giving due consideration to any industry-accepted spread adjustments, or method for calculating or determining such spread adjustment, for the replacement of the then-current Reference Rate with the applicable Unadjusted SOFR Replacement for U.S. dollar-denominated floating rate notes at such time;

"**SOFR Replacement Date**" means the earliest to occur of the following events with respect to the then-current Reference Rate (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "SOFR Transition Event,"the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of the Reference Rate permanently or indefinitely ceases to provide the Reference Rate (or such component); or

(ii) in the case of clause (iii) of the definition of "SOFR Transition Event,"the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the SOFR Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the SOFR Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**SOFR Replacement Rate**" means the first alternative set forth in the order below that can be determined by the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) as of the SOFR Replacement Date.

(i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Reference Rate and (b) the SOFR Replacement Adjustment;

(ii) the sum of: (a) the ISDA Fallback Rate and (b) the SOFR Replacement Adjustment; or

(iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer (in consultation, to the extent practicable, with the Calculation Agent) or the Issuer's designee (in consultation with the Issuer) as the replacement for the then-current Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Reference Rate for U.S. dollar-denominated floating rate notes at such time and (b) the SOFR Replacement Adjustment.

"**Corresponding Tenor**" with respect to a SOFR Replacement Rate means a tenor (including overnight) having approximately the same length (disregarding business day adjustments) as the applicable tenor for the then-current Reference Rate.

"**SOFR Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Reference Rate (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Reference Rate (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Reference Rate (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate (or such component), the central bank for the currency of the Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate (or such component) has ceased or will cease to provide the Reference Rate (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Reference Rate (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate announcing that the Reference Rate is no longer representative.

"**Unadjusted SOFR Replacement**" means the SOFR Replacement Rate excluding the SOFR Replacement Rate Adjustment.

4.4F Additional Provisions applicable where "SORA" or "TONA" is specified as the Reference Rate in the relevant Pricing Supplement:

Subject always to the provisions of Condition 11A (*Consequences of a Benchmark Trigger Event*) (as applicable):

(A) If, in respect of any Reference Rate Business Day(i) in the relevant Applicable Period, the Reference Rate is not published or otherwise provided as set out in the relevant definition thereof for the related Reference Rate Determination Date, and neither (A) an Index Cessation Event and an Index Cessation Event Effective Date nor (B) an Administrator/Benchmark Event and an Administrator/Benchmark Event Date, in each case with respect to the Reference Rate, have occurred, Reference Rate(i) in respect of such Reference Rate Business Day(i) shall be the Reference Rate in respect of the last Reference Rate Business Day prior to the related Reference Rate Determination Date for which such Reference Rate was so published or otherwise provided as set out in the relevant definition thereof.

(B) If the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines either that (A) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (B) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to the Reference Rate(i), then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C:

(I) Reference Rate(i) in respect of each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date shall deemed to be the Relevant Recommended Rate;

(II) if there is a Relevant Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date, but neither the administrator of the Relevant Recommended Rate nor authorised distributors provide or publish the Relevant Recommended Rate in respect of any Reference Rate Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, then, subject to paragraph (III) below, in respect of any Reference Rate

Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, references to the Relevant Recommended Rate will be deemed to be references to the last provided or published Relevant Recommended Rate prior to the related Reference Rate Determination Date. If there is no last provided or published Relevant Recommended Rate, then in respect of any Reference Rate Business Day(i) and related Reference Rate Determination Date for which the Relevant Recommended Rate is required, references to the Relevant Recommended Rate will be deemed to be references to the last provided or published Reference Rate (without taking into any deemed changes to the term "Reference Rate" pursuant to Condition 4.4F(B)(I) above) prior to the related Reference Rate Determination Date; and

(III) if:

(i) there is no Relevant Recommended Rate before the end of the first Reference Rate Business Day following the Applicable Fallback Effective Date referred to in the first paragraph of Condition 4.4F(B) above; or

(ii) there is a Relevant Recommended Rate and the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines either that (A) both an Index Cessation Event and an Index Cessation Event Effective Date have occurred or (B) both an Administrator/Benchmark Event and an Administrator/Benchmark Event Date have occurred, in each case with respect to the Relevant Recommended Rate,

then, for the purposes of determining the Relevant Rate in accordance with Conditions 4.4B and 4.4C, Reference Rate(i) in respect of each Reference Rate Business Day(i) falling on or after the Applicable Fallback Effective Date shall be a commercially reasonable alternative for the Applicable Benchmark determined by the Calculation Agent (failing which, the Issuer), taking into account all available information that in good faith it considers relevant including a rate implemented by the central counterparties and/or futures exchanges (if any), in each case with trading volumes in derivatives or futures referencing the Applicable Benchmark that the Calculation Agent considers sufficient for that rate to be a representative alternative rate.

(C) The definitions set out in Condition 4.4D(C) shall be equally applicable to this Condition 4.4F.

Equity-Linked Interest, Fund-Linked Interest or Index-Linked Interest

4.5 If Notes are specified in the Pricing Supplement as being Equity-Linked Interest, Fund-Linked Interest or Index-Linked Interest Notes (as applicable), the Interest Rate(s) applicable to the Notes for each Interest Period will be determined in the manner specified in the Pricing Supplement, as applicable.

Dual Currency Notes

4.6 If Notes are specified in the Pricing Supplement as being Dual Currency Notes, the principal or interest payable in respect of such Notes may be denominated in a different currency (or currencies) from the currency in which the Notes are denominated, as further specified in the relevant Pricing Supplement.

Maximum or Minimum Interest Rate

4.7 If any maximum or minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

4.8 Interest shall accrue on the principal amount of each Note during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 5.11) is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as

before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

4.9 If a Calculation Agent is specified in the Pricing Supplement, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount (as defined in Condition 5.11), obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in respect of each Denomination of the Notes (in the case of Bearer Notes not issued as Units), the minimum denomination (in the case of Registered Notes not issued as Units) and the nominal amount per Note (in the case of Notes issued as Units) for the relevant Interest Accrual Period, calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount to be notified to the Issuing and Paying Agent, the Registrar (in the case of Registered Notes), the Issuer, the Guarantor (except in the case of Notes issued by the Bank), the Holders in accordance with Condition 14 and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Hong Kong Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Notes become due and payable under Condition 6, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount and Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer, the Guarantor (except in the case of Notes issued by the Bank) and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer and (except in the case of Notes issued by the Bank) the Guarantor will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer and (except in the case of Notes issued by the Bank) the Guarantor will appoint a leading bank engaged in the Relevant Market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

4.10 The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate to:

(a) in the case of Notes which are represented by a global Note (a "**Global Note**"), the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are partly paid Notes, the aggregate amount paid up); or

(b) in the case of Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction (and rounding the resultant figure to the nearest sub-unit of the relevant specified currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention), save that if the Pricing Supplement specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods. Where the Denomination of a Note (not issued as Units) in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Denomination, without any further rounding.

In the Terms and Conditions, **sub-unit** means, with respect to any currency other than euro and Renminbi, the lowest amount of such currency that is available as legal tender in the country/region of such currency, with respect to euro, one cent, and in the case of Renminbi, means CNY0.01.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (except in the case of Notes issued by the Bank), the Issuing and Paying Agent, the Registrar, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Non-Interest Bearing Notes

4.11 If any Maturity Redemption Amount (as defined in Condition 5.1) in respect of any Note in respect of which the Zero Coupon Note provisions are specified as applicable in the Pricing Supplement is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Pricing Supplement or at such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 4.10 as if the Interest Rate was the Amortisation Yield, the principal amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Pricing Supplement or, if not so specified, 30E/360 (as defined in Condition 4.12).

Definitions

4.12 For the purposes of these Terms and Conditions:

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the Issue Date of the first Tranche of the Notes of the relevant Series, as published by ISDA on its website (www.isda.org).

"**Additional Relevant Jurisdiction**" means each of the jurisdiction(s) specified as such in the relevant Pricing Supplement.

"**Affected Reference Asset Component**" has the meaning given to it in Condition 9.1(b).

"**Alternative Payment Currency**" means the currency specified as such in the relevant Pricing Supplement.

"**Alternative Payment Currency Equivalent**" means the relevant amount in the Settlement Currency converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date.

"**Alternative Payment Currency Exchange Rate**" has the meaning set out in the relevant Pricing Supplement.

"**Alternative Payment Currency Fixing Date**" means the second day prior to the date on which the relevant payment falls due. For the purposes of this definition, "**day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the Settlement Currency Jurisdiction, Alternative Payment Currency Jurisdiction and Additional Relevant Jurisdiction as may be specified in the relevant Pricing Supplement.

"**Alternative Payment Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement.

"**Applicable Business Day Convention**" means the "**Business Day Convention**" which may be specified in the Pricing Supplement as applicable to any date in respect of the Notes unless the Pricing Supplement specifies "**No Adjustment**" in relation to any date in which case such date shall not be adjusted in accordance with any Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

"**Banking Day**" means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the relevant currency in the Relevant Financial Centre in respect of the relevant Notes and/or in any other place or any other days as may be specified in the Pricing Supplement; and (ii) in relation to Notes denominated or redenominated or payable in euro, a T2 Business Day.

"**Business Day Convention**" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Notes, shall have the following meanings:

(a) "**Following Business Day Convention**" means that such date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that such date shall be postponed to the first **following** day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that such date shall be brought forward to the first preceding day that is a Business Day; and

(d) "**FRN Convention**" or "**Eurodollar Convention**" means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement after the calendar month in which the preceding such date occurred provided, however, that:

    (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

"**Calculation Agent**" means such agent as may be specified in the Pricing Supplement as the Calculation Agent.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time from and including the first day of such period to but excluding the last (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period during which it falls, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(b) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**" is so specified, means

(i) in respect of Fixed Rate Notes only, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(ii) in respect of Notes other than Fixed Rate Notes,

the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(g) if "**30E/360 (ISDA)**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

"**Denomination Currency**" means the currency specified as such in the relevant Pricing Supplement.

"**Denomination Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement.

"**Fair Market Value**" means, in relation to any Note, its fair market value immediately prior to the relevant redemption date, as determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent, as applicable, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements, and any such calculation of the fair market value shall have the effect of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make payments in respect of the Notes which would, but for any early redemption (in the case of any early redemption of such Notes), have fallen due after the relevant early redemption date. For the purposes of calculating the Fair Market Value following an Event of Default or a Winding Up of the Bank pursuant to Condition 6 (*Enforcement*) only, in determining the fair market value of the Notes, no account shall be taken of the creditworthiness of the Issuer, who shall be deemed to be able to perform fully its obligations in respect of the Notes.

"**Floating Rate Option**" means, in relation to a Note to which ISDA Determination applies, a rate or price source specified as such in the relevant Pricing Supplement.

"**Foreign Exchange Dealer**" means an independent foreign exchange dealer of international repute active in the foreign exchange market in the relevant Settlement Currency Jurisdiction.

"**FX Disruption Event**" means the occurrence and/or existence of any of the following circumstances:

(a) the occurrence and/or existence as determined by the Calculation Agent, acting in a commercially reasonable manner, of an event on any day with respect to the Reference Currency or Denomination Currency (as applicable) that has the effect of preventing or delaying the Issuer or any of its affiliates acting as its hedge counterparty for the Notes directly or indirectly from: (i) converting the Reference Currency into the specified currency or the Denomination Currency into the Settlement Currency (as applicable) through customary legal channels, (ii) converting the Reference Currency into the specified Currency or the Denomination Currency into the Settlement Currency (as applicable) at a rate at least as favourable as the rate for domestic institutions located in the Reference Currency Jurisdiction or Denomination Currency Jurisdiction (as applicable), (iii) delivering the specified currency from accounts inside the Reference Currency Jurisdiction to accounts outside the Reference Currency Jurisdiction and Additional Relevant Jurisdiction (as may be specified in the relevant Pricing Supplement) or delivering the Settlement Currency from accounts inside the Denomination Currency Jurisdiction to accounts outside the Denomination Currency Jurisdiction (as applicable); (iv) delivering the Reference Currency or specified currency between accounts inside the Reference Currency Jurisdiction or to a party that is a non-resident of the Reference Currency Jurisdiction or delivering the Denomination Currency between accounts inside the Denomination Currency Jurisdiction or to a party that is a non-resident of the Denomination Currency Jurisdiction (as applicable), or (v) effectively realising the value of its underlying hedge in the specified currency or Settlement Currency (as applicable) at any time;

(b) the government of the Denomination Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) imposing, or giving public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of the Denomination Currency or Reference Currency (as applicable) denominated assets in the Denomination Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its affiliates acting as its hedge counterparty for the Notes to hedge its position under the Notes or to unwind such hedge.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the Settlement Currency Jurisdiction or Additional Relevant Jurisdiction (as may be specified in the relevant Pricing Supplement). Where the Settlement Currency is Offshore RMB, the Settlement Currency Jurisdiction for the purpose of the definition of Governmental Authority shall include mainland China and Hong Kong.

"**Illiquidity**" means where the general exchange market in the Settlement Currency Jurisdiction becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Settlement Currency in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation (if practicable) with two Foreign Exchange Dealers.

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Interest Accrual Period**" means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the Pricing Supplement) or such other date as may be specified as such in the Pricing Supplement.

"**Interest Determination Date**" means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Pricing Supplement prior to the first day of such Interest Accrual Period, or if none is specified:

(a) in the case of Notes denominated in Hong Kong dollars or Pounds Sterling, the first day of such Interest Accrual Period; or

(b) in the case of Notes denominated in euro, the date falling two T2 Business Days prior to the first day of such Interest Accrual Period; or

(c) in any other case, the date falling two London Banking Days prior to the first day of such Interest Accrual Period.

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"**Interest Period**" means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

"**Interest Period End Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes.

"**Interest Rate**" means:

(i) where the Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest specified as such in the relevant Pricing Supplement;

(ii) where the Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Conditions 4.3 (*Screen Rate Determination for Floating Rate Notes not referencing SONIA, SOFR, €STR, SORA or TONA*), 4.4A (*ISDA Determination*) or 4.4B (*Screen Rate Determination for Floating Rate Notes referencing SONIA, SOFR, €STR, SORA or TONA*) as applicable; and

(iii) where the Equity-Linked Interest, Fund-Linked Interest or Index-Linked Interest Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Condition 4.5 (*Equity-Linked Interest, Fund-Linked Interest or Index-Linked Interest*).

"**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor).

"**ISDA Definitions**" has the meaning given in the relevant Pricing Supplement.

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction and any Additional Relevant Jurisdiction (as may be specified in the relevant Pricing Supplement), or from an account outside the Settlement Currency Jurisdiction and any Additional Relevant Jurisdiction (as may be specified in the relevant Pricing Supplement) to an account inside the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). Where the Settlement Currency is Offshore RMB, the occurrence of any event that makes it impossible to transfer the Settlement Currency from an account inside the Offshore RMB Centre to an account inside mainland China shall not constitute "**Non-transferability**".

"**Offshore RMB**" means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulations and guidelines issued by relevant authorities in the Offshore RMB Centre prevailing as of the trade date of the Notes.

"**Offshore RMB Centre**" means the jurisdiction specified as such in the relevant Pricing Supplement in accordance with applicable laws and regulations.

"**Participating Member State**" means a member state of the European Union which adopts the euro as its lawful currency in accordance with the Treaty.

"**Reference Banks**" means such banks as may be specified in the Pricing Supplement as the Reference Banks or, if none are specified, "**Reference Banks**" has the meaning given in the ISDA Definitions, *mutatis mutandis*.

"**Reference Currency**" means the currency specified as such in the relevant Pricing Supplement.

"**Reference Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement.

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement.

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "**Business Day**" in the ISDA Definitions.

"**Relevant Margin**" means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement.

"**Relevant Market**" means the London interbank market or such other market as may be specified in the Pricing Supplement.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" means the time as of which any rate is to be determined as specified in the Pricing Supplement or, if none is specified, at which it is customary to determine such rate.

"**Reuters Screen**" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Money 3000 Service (or such other page as may replace that page on that service for the purpose of displaying such information).

"**Settlement Currency**" means the currency specified as such in the relevant Pricing Supplement.

"**Settlement Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement.

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"**T2 Business Day**" means a day on which the T2 system is open for settlement of payments in euro.

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

"**Underlying Currency Pair Exchange Rate**" has the meaning set out in the relevant Pricing Supplement.

5. Redemption and Purchase

Redemption at Maturity

5.1 Unless previously redeemed, or purchased and cancelled or unless such Note is specified in the Pricing Supplement as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its principal amount or such other redemption amount as may be specified in or determined in accordance with the formula or other means specified in the Pricing Supplement) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Pricing Supplement (the "**Maturity Date**").

Early Redemption for Taxation Reasons

5.2 If, in relation to any Series of Notes, as a result of any change in the laws, regulations or rulings of Hong Kong or, in the case of Notes issued by any New Issuer, the jurisdiction of incorporation of the relevant New Issuer, or (in any such case) of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such Notes or any other date specified in the Pricing Supplement, the Issuer or (except in the case of Notes issued by the Bank), if the Guarantee was called, the Guarantor would be required to pay additional amounts as provided in Condition 7, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Noteholders (in accordance with Condition 14 (*Notices*)) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount** (**Tax**)") (which shall be their principal amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 5.12) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon Provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 5.7.

Early Redemption for reasons of Force Majeure

5.3 (a) This Condition 5.3 is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.

(b) The Issuer shall have the right to terminate its obligation under the Notes if the Calculation Agent shall have determined, in its absolute discretion, that performance of such obligations (or the Issuer's or the Issuer's affiliate's obligations under any underlying or hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part, including without limitation as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Notes shall be redeemable at the option of the Issuer at an amount equal to the Fair Market Value of the Notes (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner).

Optional Early Redemption (Call)

5.4 If this Condition 5.4 is specified in the Pricing Supplement as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Pricing Supplement, redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their principal amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 5.12) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 5.7.

5.5 The appropriate notice referred to in Condition 5.4 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given and which shall be such date or the next of such dates ("**Call Option Date(s)**") or a day falling within such period ("**Call Option Period**"), as may be specified in the Pricing Supplement and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Partial Redemption

5.6 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.4:

- in the case of Bearer Notes (other than a Temporary Global Note or Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair;
- in the case of a Temporary Global Note or a Permanent Global Note, the Notes to be redeemed shall be selected in accordance with the rules of the CMU and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and
- in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) pro rata to their principal amounts, provided always that the amount redeemed in respect of each Note shall be (i) equal to the nominal amount per Note (in the case of Notes issued as Units) or (ii) equal to the minimum denomination thereof or an integral multiple thereof (in the case of Notes not issued as Units),

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.8 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

Optional Early Redemption (Put)

5.7 If this Condition 5.7 is specified in the Pricing Supplement as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 5.12) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates ("**Put Date(s)**") or a day falling within such period ("**Put Period**") as may be specified in the Pricing Supplement), deposit the relevant Note (together, in the case of an interest-bearing Definitive Note, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 8.1(f) apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar specifying, in the case of a Temporary Global Note or Permanent Global Note or Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be (i) in the case of Notes issued as Units, the nominal amount per Note specified in the Pricing Supplement and (ii) in the case of Notes not issued as Units, the minimum denomination specified in the Pricing Supplement or an integral multiple thereof). No Note so deposited and option exercised may be withdrawn (except as provided in the Issuing and Paying Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.8 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of a prior exercise by the Issuer of its option to redeem such Note under either Condition 5.2, 5.3 or 5.4.

Purchase of Notes

5.8 The Issuer, the Guarantor (except in the case of Notes issued by the Bank) and any of their respective subsidiaries may at any time purchase Notes in the open market or otherwise and at any price **provided that** all unmatured Coupons appertaining thereto are purchased therewith.

Cancellation of Redeemed and Purchased Notes

5.9 Notes and Coupons purchased in accordance with this Condition 5 may be held, surrendered for cancellation or reissued or resold, and any Notes so reissued or resold shall for all purposes be deemed to form part of the original Series of Notes. All unmatured Notes and Coupons redeemed in accordance with this Condition 5 will be cancelled forthwith and may not be reissued or resold.

Further Provisions applicable to Redemption Amounts

5.10 The provisions of Condition 4.9 and the last paragraph of Condition 4.10 shall apply to any determination or calculation of the Redemption Amount required by the Pricing Supplement to be made by the Calculation Agent (as defined in Condition 4.12).

5.11 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount (as defined in Condition 6.2) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.

5.12 In the case of any Note which is non-interest bearing, the "**Amortised Face Amount**" shall be an amount equal to the sum of:

(a) the Issue Price specified in the Pricing Supplement; and

(b) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 4.12) specified in the Pricing Supplement for the purposes of Condition 4.11.

5.13 If any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 5.12 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

(a) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and

(b) (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

6. Enforcement

6.1 ***Events of Default***

(a) The following events or circumstances as modified by, and/or such other events as may be specified in, the Pricing Supplement (each an "**Event of Default**") shall be acceleration events in relation to the Notes of any Series, namely, default is made in the payment of any amount of principal or interest in respect of the Notes on the due date for payment thereof and such default continues for 14 days after notice of such default is given to the Issuing and Paying Agent or other Paying Agent or the Registrar, **provided that** it shall not be an Event of Default to withhold or refuse any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (ii) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of 14 days by independent legal advisers of recognised standing as to such validity or applicability.

(b) If any Event of Default shall occur in relation to any Series of Notes, any Holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issuing and Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Termination Amount (as defined in Condition 6.2), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

6.2 ***Winding-up of the Bank***

In the event of an order being made or an effective resolution being passed for the winding-up of the Bank in Hong Kong (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved by an Extraordinary Resolution (as defined in the Issuing and Paying Agency Agreement) of the Holders of the relevant Series of Notes) any Holder of a Note may, by written notice to the Issuer, at the specified office of the Issuing and Paying Agent, declare such Note and (if the Note is interest-bearing) all interest then accrued on such Note to be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount (unless otherwise specified in the applicable Pricing Supplement) or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 5.12) (unless otherwise specified in the applicable Pricing Supplement).

6.3 ***No Other Remedies***

No remedy against any New Issuer or the Bank other than as specifically provided by this Condition 6 shall be available to the Noteholders or Couponholders in respect of any Series of Notes whether for the recovery of amounts owing in respect of such Notes or the Coupons appertaining thereto or in respect of any breach by any New Issuer or the Bank of any obligation, condition or provision under such Notes or Coupons or otherwise.

7. Taxation

7.1 All payments (whether in respect of principal, interest or otherwise) in respect of the Notes or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or (in the case of Notes issued by any New Issuer) the jurisdiction of incorporation of the relevant New Issuer, or (in any such case) any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Holder of such amounts as would have been received by such Holder if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Hong Kong or the jurisdiction of incorporation of the relevant New Issuer (in the case of Notes issued by a New Issuer) other than the mere holding of such Note or Coupon; or

(b) more than thirty days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of thirty days.

7.2 Notwithstanding any other provision of these Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuers will be paid net of any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") ("**871(m) Withholding**"), and any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of 871(m) Withholding or FATCA Withholding.

7.3 For the purposes of these Terms and Conditions, the "**Relevant Date**" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been duly paid to the Issuing and Paying Agent, or as the case may be, the Registrar in accordance with the Issuing and Paying Agency Agreement on or prior to such due date, the date on which, such full amount having been so duly paid and remaining available for payment to Holders, notice to that effect has been given to the Holders of the Notes of the relevant Series in accordance with Condition 14.

7.4 If the Issuer or (except in the case of Notes issued by the Bank) the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the jurisdiction of incorporation of the relevant New Issuer, as relevant, references in Condition 5.2 and Condition 7.1 to Hong Kong or the jurisdiction of incorporation of such New Issuer shall be read and construed as references to Hong Kong or the jurisdiction of incorporation of such New Issuer and/or to such other jurisdiction(s).

7.5 Any reference in these Terms and Conditions to "**principal**" and/or "**interest**" in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7. Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 4 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

8. Payments

8.1 ***Payments — Bearer Notes***

(a) This Condition 8.1 is applicable in relation to Notes in bearer form.

(b) Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

(c) Payment of amounts in respect of interest on Bearer Notes will be made:

(i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 8.1(d) applies) the United States (which term, as used therein, means the United States and its possessions) and, in the case of a Temporary Global Note, upon due certification as required therein;

(ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 8.1(d) applies) the United States; and

(iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 8.1(d) applies) the United States.

(d) Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8.1(g) will not be made at the specified office of any Paying Agent in the United States unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer and (except in the case of Notes issued by the Bank) the Guarantor shall forthwith appoint a further Paying Agent with a specified office in New York City.

(e) If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 8.3(d)), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located

and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4.8 or, if appropriate, Condition 4.11.

(f) Each Definitive Note initially delivered with Coupons or Talons attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

(i) if the Pricing Supplement specifies that this paragraph (i) of Condition 8.1(f) is applicable (and, in the absence of specification, this paragraph (i) shall apply to Definitive Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

(ii) if the Pricing Supplement specifies that this paragraph (ii) of Condition 8.1(f) is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and

(iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8.1(f) notwithstanding, if any Definitive Notes should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

(g) In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8.1(d) applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

8.2 ***Payments — Registered Notes***

(a) This Condition 8.2 is applicable in relation to Notes in registered form.

(b) Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 8.3(d)), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any local banking day, and, will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4.8 or, as appropriate, Condition 4.11.

(c) Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.7) before the due date for such payment (the "**Record Date**").

(d) Notwithstanding the provisions of Condition 8.3(b), payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque (in the case of payment in Pounds Sterling, drawn on a town clearing branch of a bank in the city of London) and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.7) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency (or if the relevant currency is euro, any other account to which euro may be transferred or credited) in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4.8 or, as appropriate, Condition 4.11.

8.3 ***Payments — General Provisions***

(a) Save as otherwise specified in these Terms and Conditions, this Condition 8.3 is applicable in relation to Notes whether in bearer or in registered form.

(b) Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due by transfer to an account denominated in the relevant currency (or if the relevant currency is euro, any other account to which euro may be transferred or credited) specified by the payee, except where payments of amounts due (whether principal, interest or otherwise) in respect of Notes are in Offshore Renminbi, such payments will

be made by credit or transfer to an account denominated in Offshore Renminbi and maintained by the payee with a bank in the relevant Offshore RMB Centre in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Offshore Renminbi in the relevant Offshore RMB Centre). Payments will, without prejudice to the provisions of Condition 7, be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

(c) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7; (ii) any 871(m) Withholding; and (iii) any FATCA Withholding.

In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

Payments on the Notes that reference U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

(d) For the purposes of these Terms and Conditions:

(i) "**Relevant Financial Centre Day**" means (i) a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other place or any other days as may be specified in the Pricing Supplement and (ii) in the case of payment in euro, a T2 Business Day; and

(ii) "**local banking day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon.

(e) No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

8.4 ***Redenomination, Renominalisation and Reconventioning***

(a) This Condition 8.4 is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.

(b) If the country/region of the currency in which the Notes are denominated becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Holders of the Notes and the Holders of the Coupons, on giving at least 30 days' prior notice to the Holders of the Notes and the Paying Agents (and, in the case of Registered Notes, the Registrar) in accordance with Condition 14, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

(c) Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:

(i) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the relevant currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Union regulations); *provided, however, that*, if the Issuer determines, with the agreement of the

Issuing and Paying Agent that the then market practice in respect of the redenomination in euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Holders of the Notes and the Holders of the Coupons, each stock exchange (if any) on which the Notes are then listed and the Paying Agents (and, in the case of Registered Notes, the Registrar) of such deemed amendments;

(ii) if Notes have been issued in bearer definitive form:

(A) all unmatured Coupons denominated in the relevant currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Holders of the Notes that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;

(B) the payment obligations contained in all Notes denominated in the relevant currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 8.4) shall remain in full force and effect; and

(C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant currency in such manner as the Issuing and Paying Agent may specify and as shall be notified to the Holders of the Notes in the Euro Exchange Notice.

(d) Following redenomination of the Notes pursuant to this Condition 8.4, where Notes have been issued in bearer definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the Calculation Amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Holder.

(e) If the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the date falling two T2 Business Days before the first day of the relevant Interest Period.

8.5 ***Payment of Alternative Payment Currency Equivalent***

(a) This Condition 8.5 is applicable in relation to Notes if (i) the Settlement Currency for which is RMB, (ii) a Clearing System Currency Eligibility Event has occurred and is continuing or (iii) it is specified in the relevant Pricing Supplement as being applicable.

(b) In respect of Notes for which the Settlement Currency is RMB, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments in respect of the Notes when due in Offshore RMB in the relevant Offshore RMB Centre, the Issuer may settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

(c) If by reason of an FX Disruption Event, a Clearing System Currency Eligibility Event has occurred and is continuing or any other event specified in the relevant Pricing Supplement as an Additional Alternative Payment Currency Event, the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

(d) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.5 (*Payments — Payment of Alternative Payment Currency Equivalent*) by the Calculation Agent,

will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

8.6 ***FX Disruption Event***

(a) This Condition 8.6 is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.

(b) If on any day on which the Calculation Agent is required to determine the Underlying Currency Pair Exchange Rate as further set out in the relevant Pricing Supplement (a "**Scheduled FX Fixing Day**"), an FX Disruption Event occurs, then such Scheduled FX Fixing Day shall be postponed until the first day after the Scheduled FX Fixing Day on which no FX Disruption Event occurs (the "**Revised FX Fixing Day**"), **provided that** if the Revised FX Fixing Day has not occurred within 5 calendar days following the Scheduled FX Fixing Day, then the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to any terms of the Notes and such adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Issuer determines in its sole and absolute discretion that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the Noteholders to receive any amount of interest and/or the Maturity Redemption Amount at maturity (or any other payment or settlement amount to be made by the Issuer under the Notes) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of their early redemption amount (the "**Early Redemption Amount** (**FX Disruption Event**)") (which may be in the Settlement Currency or such other currency as determined by the Calculation Agent and which shall be their Fair Market Value or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement) as determined by the Calculation Agent. If the Revised FX Fixing Day would fall on a day which is less than five Relevant Financial Centre Days prior to the Maturity Date, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in its sole and absolute discretion acting in good faith. Without limiting the obligation of the Calculation Agent to notify the Noteholders of the occurrence of an FX Disruption Event, failure by the Calculation Agent to notify the Noteholders of the occurrence of an FX Disruption Event shall not affect the validity of the occurrence and effect of such FX Disruption Event on the Notes.

9. Valuation, Adjustments, Extraordinary Events affecting Securities and Indices

9.1 ***Valuation, Market Disruption and Averaging Dates***

(a) "**Valuation Time**" means:

(i) in relation to each Security to be valued or each Index (other than a Multiple Exchange Index) the level of which is to be determined on any date, the time on such date specified as such in the relevant Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the index rules, **provided that** if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or

(ii) in relation to a Multiple Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (1) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (2) in respect of any options contracts or futures contracts on the Multiple Exchange Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of the Multiple Exchange Index is calculated and published by the Sponsor.

(b) "**Valuation Date**" means:

(i) *Index-Linked Notes*

(A) in respect of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Index, each date specified or otherwise determined as provided in the relevant Pricing Supplement (such date, a "**Specified Valuation Date**"), or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day; or

(B) in respect of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Indices, the Specified Valuation Date, or (I) if such date is not a Scheduled Trading Day in respect of an Index (such Index, an "**Affected Index**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (x) the Valuation Date for each Index for which the Specified Valuation Date is a Scheduled Trading Day shall be the Specified Valuation Date and (y) the Valuation Date for each Affected Index shall be the next following Scheduled Trading Day in respect of such Affected Index or (II) if such date is not a Scheduled Trading Day in respect of an Index and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Valuation Date for all Indices shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then:

(C) in the case of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Valuation Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Valuation Date is a Disrupted Day. In that case: (I) the Deemed Valuation Date (as specified in the Pricing Supplement) shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day and (II) the Calculation Agent shall determine the level of the Index including a Multiple Exchange Index, as of the Valuation Time on the Deemed Valuation Date in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Deemed Valuation Date of each security/commodity comprised in the Index or each Component Security of the Multiple Exchange Index, as the case may be (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity or Component Security, as the case may be, on the Deemed Valuation Date, its good faith estimate of the value for the relevant security/commodity or Component Security, as the case may be, as of the Valuation Time on the Deemed Valuation Date); or

(D) in the case of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an "**Affected Index**") shall be the first succeeding Scheduled Trading Day that is not a

Disrupted Day relating to the Affected Index, unless each of the Valuation Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Affected Index. In that case, (I) the Deemed Valuation Date (as specified in the Pricing Supplement) shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine the level of that Index as of the Valuation Time on the Deemed Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Deemed Valuation Date of each security/commodity comprised in that Index or each Component Security of the Multiple Exchange Index, as the case may be (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity or Component Security, as the case may be, on the Deemed Valuation Date, its good faith estimate of the value for the relevant security/commodity or Component Security, as the case may be, as of the Valuation Time on the Deemed Valuation Date).

(ii) *Equity-Linked Notes*

(A) in respect of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Security, each date specified or otherwise determined as provided in the relevant Pricing Supplement (the "**Specified Valuation Date**"), or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day; or

(B) in respect of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Securities, the Specified Valuation Date, or (I) if such date is not a Scheduled Trading Day in respect of a Security (such Security, an "**Affected Security**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (x) the Valuation Date for each Security for which the Specified Valuation Date is a Scheduled Trading Day shall be the Specified Valuation Date and (y) the Valuation Date for each Affected Security shall be the next following Scheduled Trading Day in respect of such Affected Security or (II) if such date is not a Scheduled Trading Day in respect of a Security and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Valuation Date for all Securities shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then:

(C) in the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Security, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Valuation Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (I) the Deemed Valuation Date (as specified in the Pricing Supplement) shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine its good faith estimate of the value for the Security as of the Valuation Time on the Deemed Valuation Date; or

(D) in the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected (each an "**Affected Security**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Security, unless each of the Valuation Rollover Days (as specified in the Pricing Supplement) immediately

following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Security. In that case, (I) the Deemed Valuation Date (as specified in the Pricing Supplement) shall be deemed to be the Valuation Date for the Affected Security, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine its good faith estimate of the value for the Affected Security as of the Valuation Time on the Deemed Valuation Date.

(iii) *Notes linked to a basket of Reference Asset Components*

In respect of a Note (as specified in the relevant Pricing Supplement) linked to a basket of Reference Asset Components, each date specified or otherwise determined as provided in the relevant Pricing Supplement (the "**Specified Valuation Date**"), or (A) if such date is not a Scheduled Trading Day in respect of a Reference Asset Component (such Reference Asset Component an "**Affected Reference Asset Component**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (I) the Valuation Date for each Reference Asset Component for which the Specified Valuation Date is a Scheduled Trading Day shall be the Specified Valuation Date and (II) the Valuation Date for each Affected Reference Asset Component shall be the next following Scheduled Trading Day in respect of such Affected Reference Asset Component or (B) if such date is not a Scheduled Trading Day and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Valuation Date for all Reference Asset Components shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then, the Valuation Date for each Reference Asset Component not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Reference Asset Component affected (each an "**Affected Reference Asset Component**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Reference Asset Component, unless each of the Valuation Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Reference Asset Component. In that case, (A) the Deemed Valuation Date (as specified in the Pricing Supplement) shall be deemed to be the Valuation Date for the Affected Reference Asset Component, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine its good faith estimate of the value for the Affected Reference Asset Component as of the Valuation Time on the Deemed Valuation Date.

(c) "**Market Disruption Event**" in relation to an Index-Linked Note or an Equity-Linked Note (as specified in the relevant Pricing Supplement) means:

(i) in respect of an Index (other than a Multiple Exchange Index) to which an Index-Linked Note relates:

(A) the occurrence or existence of:

(i) a Trading Disruption;

(ii) an Exchange Disruption; or

(iii) in relation to China Connect Underlying, a China Connect Disruption,

which in either case the Calculation Agent determines, in its sole and absolute discretion, to be material at any time during the one hour period that ends at the relevant Valuation Time; or

(B) an Early Closure or in relation to China Connect Underlying, a China Connect Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event;

(ii) in respect of a Security to which an Equity-Linked Note relates:

(A) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:

(i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

(aa) relating to the Security on the Exchange; or

(bb) in futures or options contracts relating to the Security on any relevant Related Exchange;

(ii) any event (other than an event described in (B) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Securities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Security on any relevant Related Exchange; or

(iii) in relation to China Connect Underlying, a China Connect Disruption,

which in either case the Calculation Agent determines, in its sole and absolute discretion, to be material;

(B) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or

(C) in relation to China Connect Underlying, a China Connect Early Closure; and

(iii) in respect of a Multiple Exchange Index to which an Index-Linked Note relates, either:

(A) the occurrence or existence, in respect of any Component Security, of:

(i) a Trading Disruption;

(ii) an Exchange Disruption; or

(iii) in relation to China Connect Underlying, a China Connect Disruption,

which in either case the Calculation Agent determines, in its sole and absolute discretion, to be material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

(iv) an Early Closure or in relation to China Connect Underlying, a China Connect Early Closure;

where the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption, a China Connect Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Multiple Exchange Index; or

(B) the occurrence or existence, in respect of futures or options contracts relating to the Multiple Exchange Index of:

(i) a Trading Disruption;

(ii) an Exchange Disruption; or

(iii) in relation to China Connect Underlying, a China Connect Disruption,

which in either case the Calculation Agent determines, in its sole and absolute discretion, to be material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or

(iv) an Early Closure or in relation to China Connect Underlying, a China Connect Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Multiple Exchange Index shall be based on a comparison of (x) the portion of the level of the Multiple Exchange Index attributable to that Component Security to (y) the overall level of the Multiple Exchange Index, in each case using the official opening weightings as published by the Sponsor as part of the market "**opening data**".

(d) If Averaging Dates are specified in the relevant Pricing Supplement, then notwithstanding any other provisions of these Terms and Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(i) **Averaging Date** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).

(ii) The Maturity Redemption Amount will be:

(A) in respect of an Index-Linked Note or an Equity-Linked Note settled by way of Cash Settlement which, in either case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Relevant Prices of the Index or the Securities on each Averaging Date;

(B) in respect of an Index-Linked Note which relates to a basket of Indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Pricing Supplement at the relevant Valuation Time on each Averaging Date or, if no means for determining the Maturity Redemption Amount is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Pricing Supplement); and

(C) in respect of an Equity-Linked Note settled by way of Cash Settlement which relates to a basket or Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Pricing Supplement at the relevant Valuation Time on each Averaging Date or, if no means for determining the Maturity Redemption Amount is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Relevant Price of such Security and (bb) the relevant number of such Securities comprised in such basket.

(iii) In the case of any Averaging Date being a Disrupted Day, if the consequence specified in the relevant Pricing Supplement is in relation to "**Averaging Date Market Disruption**":

(A) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Maturity Redemption Amount. If through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 9.1(b) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;

(B) "**Postponement**", then Condition 9.1(b) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Note; or

(C) "Modified Postponement", then:

(i) in the case of an Index-Linked Note or an Equity-Linked Note which relates to a single Index or type of Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on each of the Averaging Rollover Days (as specified in the Pricing Supplement) immediately following the original date that, but for the occurrence of another Averaging Date (or Disrupted Day), would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in respect of the relevant Scheduled Valuation Date, then:

(aa) in respect of an Index-Linked Note, the Deemed Averaging Date (as specified in the Pricing Supplement) shall be deemed to be the Averaging Date, (irrespective of whether the Deemed Averaging Date is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant level for that Averaging Date in accordance with Condition 9.1(b)(i)(C); and

(bb) in respect of an Equity-Linked Note, the Deemed Averaging Date (as specified in the Pricing Supplement) shall be deemed to be the Averaging Date (irrespective of whether the Deemed Averaging Date is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 9.1(b)(ii)(C); and

(ii) in the case of an Index-Linked Note or an Equity-Linked Note which relate to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as

of the Valuation Time on each of the Averaging Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Final Averaging Date that, but for the occurrence of another Averaging Date (or Disrupted Day), would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then:

(aa) in respect of an Index-Linked Note, the Deemed Averaging Date (as specified in the Pricing Supplement) shall be deemed to be the Averaging Date (irrespective of whether the Deemed Averaging Date is already an Averaging Date) in relation to such Index, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant level for that Averaging Date in accordance with Condition 9.1(b)(i)(D); and

(bb) in respect of an Equity-Linked Note, the Deemed Averaging Date (as specified in the Pricing Supplement) shall be deemed to be the Averaging Date (irrespective of whether the Deemed Averaging Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 9.1(b)(ii)(D).

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the relevant Valuation Date does not or is not deemed to occur.

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or, as the case may be, the relevant Settlement Date or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(iv) If (1) on or prior to any Averaging Date in respect of an Index-Linked Note which relates to a single Index or a basket of Indices, as the case may be, an Index Modification or Index Cancellation (in each case, as defined in Condition 9.2) occurs, or (2) on any Averaging Date in respect of an Index-Linked Note which relates to a single Index or a basket of Indices, as the case may be, an Index Disruption (as defined in Condition 9.2) occurs, then the consequences in respect of Index Adjustment Event or Index Cancellation (in each case, as defined in Condition 9.2) for the purpose of Condition 9.2 shall apply to such Index-Linked Note.

(e) "**Fixing Date**" means:

(i) *Index-Linked Notes*

(A) in the case of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Index, each date specified or otherwise determined as provided in the relevant Pricing Supplement (such date, a "**Specified Fixing Date**"), or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day; or

(B) in respect of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Indices, the Specified Fixing Date, or (I) if such date is not a Scheduled Trading Day in respect of an Index (such Index, an "**Affected Index**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (x) the Fixing Date for each Index for which the Specified Fixing Date is a Scheduled Trading Day shall be the Specified Fixing Date and (y) the Fixing Date for each Affected Index shall be the next following Scheduled Trading Day in respect of such Affected Index or (II) if such date is not a Scheduled

Trading Day in respect of an Index and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Fixing Date for all Indices shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then:

(C) in the case of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Index, the Fixing Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Fixing Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Fixing Date is a Disrupted Day. In that case: (I) the Deemed Fixing Date (as specified in the Pricing Supplement) shall be deemed to be the Fixing Date notwithstanding the fact that such day is a Disrupted Day and (II) the Calculation Agent shall determine the level of the Index including a Multiple Exchange Index, as of the Valuation Time on the Deemed Fixing Date in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Fixing Date of each security/commodity comprised in the Index or each Component Security of the Multiple Exchange Index, as the case may be (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity or Component Security, as the case may be, on the Deemed Fixing Date, its good faith estimate of the value for the relevant security/commodity or Component Security, as the case may be, as of the Valuation Time on the Deemed Fixing Date); or

(D) in the case of an Index-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Indices, the Fixing Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Fixing Date, and the Fixing Date for each Index affected by the occurrence of a Disrupted Day (each an "**Affected Index**") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Fixing Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Fixing Date is a Disrupted Day relating to that Affected Index. In that case, (I) the Deemed Fixing Date (as specified in the Pricing Supplement) shall be deemed to be the Fixing Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine the level of that Index as of the Valuation Time on the Deemed Fixing Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Deemed Fixing Date of each security/commodity comprised in that Index or each Component Security of the Multiple Exchange Index, as the case may be (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity or Component Security, as the case may be, on the Deemed Fixing Date, its good faith estimate of the value for the relevant security/commodity or Component Security, as the case may be, as of the Valuation Time on the Deemed Fixing Date).

(ii) *Equity-Linked Notes*

(A) in the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Security, each date specified or otherwise determined as provided in the relevant Pricing Supplement (the "**Specified Fixing Date**"), or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day; or

(B) in respect of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Securities, the Specified Fixing Date, or (I) if such date is not a Scheduled Trading Day in respect of a Security (such Security, an "**Affected Security**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (x) the Fixing Date for each Security for which the Specified Fixing Date is a Scheduled Trading Day shall be the Specified Fixing Date and (y) the Fixing Date for each Affected Security shall be the next following Scheduled Trading Day in respect of such Affected Security or (II) if such date is not a Scheduled Trading Day in respect of a Security and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Fixing Date for all Securities shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then:

(C) in the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a single Security, the Fixing Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Fixing Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Fixing Date is a Disrupted Day. In that case (I) the Deemed Fixing Date (as specified in the Pricing Supplement) shall be deemed to be the Fixing Date, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine its good faith estimate of the value for the Security as of the Valuation Time on the Deemed Fixing Date; or

(D) in the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Securities, the Fixing Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Fixing Date, and the Fixing Date for each Security affected (each an "**Affected Security**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Security, unless each of the Fixing Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Fixing Date is a Disrupted Day relating to the Affected Security. In that case, (I) the Deemed Fixing Date (as specified in the Pricing Supplement) shall be deemed to be the Fixing Date for the Affected Security, notwithstanding the fact that such day is a Disrupted Day, and (II) the Calculation Agent shall determine its good faith estimate of the value for the Affected Security as of the Valuation Time on the Deemed Fixing Date.

(iii) *Notes linked to a basket of Reference Asset Components*

In respect of a Note (as specified in the relevant Pricing Supplement) linked to a basket of Reference Asset Components, each date specified or otherwise determined as provided in the relevant Pricing Supplement (the "**Specified Fixing Date**"), or (A) if such date is not a Scheduled Trading Day in respect of a Reference Asset Component (such Reference Asset Component an "**Affected Reference Asset Component**") and "**Common Scheduled Trading Days**" is not specified as applying in the applicable Pricing Supplement, (I) the Fixing Date for each Reference Asset Component for which the Specified Fixing Date is a Scheduled Trading Day shall be the Specified Fixing Date and (II) the Fixing Date for each Affected Reference Asset Component shall be the next following Scheduled Trading Day in respect of such Affected Reference Asset Component or (B) if such date is not a Scheduled Trading Day and "**Common Scheduled Trading Days**" is specified as applying in the applicable Pricing Supplement, the Fixing Date for all Reference Asset Components shall be the next following Common Scheduled Trading Day, unless, in each case, Disrupted Day is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day then, the Fixing Date for each Reference Asset Component not affected by the occurrence of a Disrupted Day shall be the Scheduled Fixing Date, and the Fixing Date for each Reference Asset Component affected (each an "**Affected Reference Asset Component**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Reference Asset Component, unless each of the Fixing Rollover Days (as specified in the Pricing Supplement) immediately following the Scheduled Fixing Date is a Disrupted Day relating to the Affected Reference Asset Component. In that case, (A) the Deemed Fixing Date (as specified in the Pricing Supplement) shall be deemed to be the Fixing Date for the Affected Reference Asset Component, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine its good faith estimate of the value for the Affected Reference Asset Component as of the Valuation Time on the Deemed Fixing Date.

9.2 ***Adjustments to Index***

This Condition 9.2 is applicable only in relation to Notes specified in the relevant Pricing Supplement as being Index-Linked Notes.

(a) *Index Adjustment Event*

If the relevant Index is (i) not calculated and announced by the agreed sponsor (the "**Sponsor**"), but is calculated and announced by a successor to the Sponsor (the "**Successor Sponsor**") acceptable to the Issuer or (ii) replaced by a successor Index using, in the determination of the Calculation Agent (such determination to be at the Calculation Agent's sole and absolute discretion), the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that Index (the "**Successor Index**") will be deemed to be the index so calculated and announced by the Successor Sponsor or that successor Index, as the case may be.

If (i) on or prior to any Valuation Date, the Sponsor or (if applicable) the Successor Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock, capitalisation or other routine events) (an "**Index Modification**"), or (ii) on any Valuation Date the Sponsor or (if applicable) the Successor Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**", together with an Index Modification, each an "**Index Adjustment Event**"), then the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall determine, in its sole and absolute discretion, whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may, without limitation, determine the payment under the Notes using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event (other than those securities that have since ceased to be listed on any relevant Exchange).

If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Maturity Redemption Amount shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount.

If the level of an Index published or announced on a given day and used or to be used by the Calculation Agent to determine the payment under the Notes is subsequently corrected and the correction is published or announced by the Sponsor or a Successor Sponsor on any day before the date on which the relevant payment instructions are given (as notified by the Issuer to the Calculation Agent), the Calculation Agent shall determine the payment under the Notes that is payable as a result of that correction.

(b) *Index Cancellation*

If on or prior to any Valuation Date, the Sponsor or (if applicable) the Successor Sponsor makes or announces that it will permanently cancel the Index and no Successor Index exists (an "**Index Cancellation**"), then:

(i) the Calculation Agent shall, as soon as is reasonably practicable after determining the same, give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders in accordance with Condition 14 (*Notices*);

(ii) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, the Calculation Agent shall (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Noteholders in accordance with Condition 14 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and

(iii) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Pricing Supplement, the Calculation Agent shall (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:

(A) if it determines that the Notes shall continue, then the Calculation Agent shall determine the payment under the Notes using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that Index Cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Cancellation (other than those securities that have since ceased to be listed on any relevant Exchange), and

(B) if it determines that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Maturity Redemption Amount shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount.

For purposes hereof:

"**Index Substitution Notice**" means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"**Substitute Index**" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediately prior to the occurrence of the Index Cancellation.

9.3 ***Settlement Disruption***

This Condition 9.3 is applicable only in relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount.

In case of Notes to which this Condition 9.3 is applicable, the Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearance System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Pricing Supplement) that,

but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are Government Bonds or other debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearance System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first day on which settlement of a sale of Securities executed on that eighth relevant Clearance System Business Day, or during such other period specified in the relevant Pricing Supplement, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner.

In the case of an Equity-Linked Note (as specified in the relevant Pricing Supplement) which relates to a basket of Securities, if as a result of a Settlement Disruption Event some but not all of the Securities comprised in a basket of Securities are affected, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the original Settlement Date and the Settlement Date for the Securities that are affected by the Settlement Disruption Event shall be determined as provided above. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Securities comprised in a basket of Securities, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the amount payable to be paid by the Issuer in respect of that partial settlement.

For the purposes hereof:

"**Settlement Disruption Event**" in relation to a Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearance System cannot clear the transfer of such Security.

9.4 ***Delivery Disruption***

This Condition 9.4 is applicable only in relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount.

In the case of Notes to which this Condition 9.4 is applicable, if the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Holder(s) and the Issuer may then:

(a) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Holder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or

(b) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Holder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 9.4 falls to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Holders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, determines to be appropriate to give practical effect to such provisions.

For the purposes hereof:

"**Delivery Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note where such failure to deliver or procure delivery is due to illiquidity in the market for such Securities.

9.5 ***Adjustments and Extraordinary Events affecting Securities***

This Condition 9.5 is applicable only in relation to Equity-Linked Notes.

(a) *Adjustments*

The Calculation Agent will determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines that such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities. If so, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the formula for the Maturity Redemption Amount set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Maturity Redemption Amount shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount.

For the purposes hereof:

"**Extraordinary Dividend**" means, an amount per Security declared by the Underlying Company and characterised by the Calculation Agent, in its absolute discretion, to have a diluting effect on the theoretical value of the relevant Security. For the avoidance of doubt, an Extraordinary Dividend only relates to the occurrence of a Potential Adjustment Event; and

"**Potential Adjustment Event**" means:

(i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event) or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or

(ii) a distribution, issue or dividend to existing holders of the relevant Securities of (1) such Securities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of any such Securities or (3) share capital or other securities

of another issuer acquired or owned (directly or indirectly) by the Underlying Company as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or

(iii) an Extraordinary Dividend; or

(iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or

(v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

(vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

(vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or

(viii) any other event specified in the relevant Pricing Supplement.

With respect to Securities which are Units in a Fund, "**Potential Adjustment Event**" shall also include:

(ix) the occurrence of any Potential Adjustment Event in relation to the Units of the Fund or any other shares or securities represented by the Fund;

(x) a distribution, issue or dividend to existing holders of the relevant Units of (i) an additional amount of such Units or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of such Units or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; and

(xi) a repurchase by the Fund or any of its subsidiaries of relevant Units whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Units initiated by an investor in such Units that is consistent with the Fund Documents.

With respect to Depositary Receipts, "**Potential Adjustment Event**" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement.

(b) *Merger Event and Tender Offer*

Following the occurrence of any Merger Event in relation to which the Merger Date is on or before the Maturity Date or any Tender Offer in relation to which the Tender Offer Date is on or before the Maturity Date, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the

relevant Notes shall continue, it may (i) make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the exercise, settlement, payment or any other terms of the relevant Notes as the Calculation Agent determines appropriate to account for the economic effect on such Notes of such Merger Event or Tender Offer (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Securities or to such Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by an options exchange to options on the relevant Securities traded on such options exchange and (ii) determine the effective date of that adjustment. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Securities Transfer Amount or Maturity Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount.

For the purposes hereof:

"**Merger Event**" means in respect of any relevant Securities, any:

(i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person; or

(ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Company is the continuing entity and which does not result in any such reclassification or change of all of such Securities outstanding); or

(iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or

(iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Securities or Securities Transfer Amount, the Maturity Date.

If the Notes are DR-Linked Notes, "**Merger Event**" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities.

"**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent in its sole and absolute discretion;

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant; and

"**Tender Offer Date**" means in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

(c) *Nationalisation, Insolvency, Insolvency Filing, Delisting or Extraordinary Fund Event*

If:

(i) all the Securities (or, if the Notes are DR-Linked Notes, the relevant Underlying Securities) or all the assets or substantially all the assets of the Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or

(ii) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Underlying Company (a) all the Securities (or where the Notes are DR-Linked Notes, the relevant Underlying Securities) of the Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Securities become legally prohibited from transferring them ("**Insolvency**");

(iii) the Underlying Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the Underlying Company shall not be deemed an Insolvency Filing ("**Insolvency Filing**");

(iv) the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country/region as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) ("**Delisting**"); or

(v) an Extraordinary Fund Event occurs,

the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, to account for the economic effect on such Notes of such Nationalisation, Insolvency, Insolvency Filing, Delisting or Extraordinary Fund Event (as the case may be).

Where the Underlying Company is a Fund, the definitions of "**Nationalisation**" and "**Insolvency**" in Condition 9.5(c) shall be construed, in relation to the Fund, as if references to the Securities issued by the Underlying Company were references to the relevant Units of the Fund or any other shares or securities represented by the Fund.

If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then:

(i) in the case of an Equity-Linked Note which relates to a single Security, the relevant Notes shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Securities Transfer Amount or Maturity Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount; and

(ii) in the case of an Equity-Linked Note which relates to a basket of Securities, the relevant Notes or a portion of the relevant Notes represented by the affected Securities shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion and the Issuer shall pay such amount as, in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion), is fair in the circumstances by way of compensation for the Notes or the termination of the portion of the relevant Notes represented by the affected Securities, and in the case of a termination of a portion of the Notes the remainder of the Notes will continue with such basket comprising Securities that are not affected Securities, and the Calculation Agent shall adjust any relevant terms if necessary to preserve as nearly as practicable the economic terms of the Notes for the remaining Securities.

For the purposes hereof and for the purposes of any reference in a Pricing Supplement to "**Announcement Date**":

"**Announcement Date**" means (A) in respect of a Nationalisation the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (B) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, (C) in respect of a Delisting, the date of the first public announcement by the Exchange that the Securities will cease to be listed, traded or publicly quoted in the manner described in Condition 9.5(c)(iv), in each case as determined by the Calculation Agent in its sole and absolute discretion.

(d) *Conversion*

In respect of an Equity-Linked Note which relates to Government Bonds or other debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the formula for the Maturity Redemption Amount set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, number of or type of shares, other securities or other property which may be delivered under such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the respective exercising Holders to receive the relevant Securities Transfer Amount or Maturity Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount.

For the purposes hereof:

"**Conversion**" means in respect of any relevant Securities any irreversible conversion by the Underlying Company, of such Securities into other securities.

(e) *Corrections to Published Prices affecting Government Bonds or debt securities*

In respect of an Equity-Linked Note which relates to Government Bonds or other debt securities, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Spot Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 days of the original publication or announcement, and an amount is repayable to the Issuer as a result of that correction, the Issuer shall be entitled to reimbursement of the relevant payment by the relevant Holder, together with interest on that amount (at a rate per annum that the Calculation Agent determines, in its sole and absolute discretion, to be the spot offered rate for deposits in the relevant Currency (as specified in the Pricing Supplement) in the London interbank market as at

approximately 11:00 a.m. London time, or, if spot rates for deposits in such Currency in the London interbank market, at a rate per annum that the Calculation Agent determines, in its sole and absolute discretion, to be the spot offered rate for deposits in the relevant Currency in the interbank market for such Currency as at approximately the time the spot offered rate is fixed for such Currency, on the relevant Cash Settlement Payment Date) for the period from and including the day of payment of the refund or payment resulting from that correction (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall agree with the Calculation Agent and notified to the relevant Holder by facsimile or telex.

9.6 ***Effects of European Economic and Monetary Union***

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine, in its sole and absolute discretion, the effective date of such adjustment) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Maturity Redemption Amount set out in the relevant Pricing Supplement, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Note relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, in its sole and absolute discretion:

(a) the redenomination of any security into euro;

(b) the change by any organised market, exchange or clearing, payment or settlement system in the unit of account of its operating procedures to the euro;

(c) any change in the currency of denomination of any Index; or

(d) any change in the currency in which some or all of the securities or other property comprising any Index is denominated.

"**Participating Member State**" means any member state of the European Union which adopts the single currency in accordance with the Treaty.

9.7 ***Additional Disruption Events***

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Notes, including, without limitation, the formula for the Maturity Redemption Amount set out in the relevant Pricing Supplement and/or any other adjustment

which the Calculation Agent, in its sole and absolute discretion, determines to be appropriate to account for the economic effect on such Notes of such Additional Disruption Event. Such change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Holders to receive the relevant Securities Transfer Amount or Maturity Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Early Termination Settlement Amount. To the extent that the Calculation Agent determines that the Issuer shall suspend its obligations to make any payment or delivery in respect of the Notes as a result of the occurrence or continuation of any Additional Disruption Event, Holders shall not be entitled to any interest or other compensation in respect of any such suspension.

For the purposes of each Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Pricing Supplement, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Pricing Supplement:

(a) "**Change in Law**" means, in relation to any Notes, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (x) it will, or there is a substantial likelihood that it will, with the passing of time, or has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale of disposal of, Securities, Component Securities or other components comprised in the Index relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

(b) "**China Connect Service Termination**" means, on or after the trade date of the Notes, the announcement by one or more of the China Connect Market, the Hong Kong Stock Exchange, the CSDCC, the HKSCC or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Securities through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary;

(c) "**China Connect Share Disqualification**" means, on or after the trade date of the Notes, the Securities cease to be accepted as "China Connect Securities" (as defined in the rules of the Hong Kong Stock Exchange) for the purpose of the China Connect Service;

(d) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Notes, where such failure is due to illiquidity in the market for such Securities;

(e) "**Hedging Disruption**" means that the Issuer or any of its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk of entering into the Notes and performing its obligations with respect to the Notes or (b) realise, recover or

remit the proceeds of any such transaction(s) or asset(s) and, for the avoidance of doubt "using commercially reasonable efforts" to hedge the risks of the Issuer referred to herein does not include the value of any quota granted to the Issuer or any of its designated affiliates under the Qualified Foreign Investor Scheme; and

(f) "**Increased Cost of Hedging**" means that the Issuer or any of its designated affiliates would incur materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Notes or (B) realise, recover, receive, transfer or remit the proceeds of any such transaction(s) or asset(s) **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its designated affiliates, as applicable, shall not be deemed an Increased Cost of Hedging.

9.8 ***Other Adjustments***

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of an Index-Linked Note or an Equity-Linked Note, the Calculation Agent may (in its discretion, but acting reasonably) make any additional adjustments to the Put Strike Price, the number and/or type of Securities and/or Indices to which such an Index-Linked Note or an Equity-Linked Note relates, and to any other exercise, settlement, payment or other term of such an Index-Linked Note or Equity-Linked Note including, without limitation, the amount, number or type of cash, shares, other securities or property which may be transferred under such Index-Linked Note, or Equity-Linked Note, and determine the effective date(s) of such adjustments.

9.9 ***Transfer Notice***

This Condition 9.9 is applicable only in relation to Equity-Linked Notes which are to be redeemed by delivery of Securities:

Each Holder shall, on or before at least three calendar days prior to the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system to perform their respective obligations hereunder and forthwith notify to the Paying Agents and the Holders) send to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system (copied to the Issuing and Paying Agent) an irrevocable notice (a "**Transfer Notice**") in the form from time to time approved by the Issuer, which must:

(a) specify the name and address of the Holder;

(b) specify the number of Notes in respect of which he is the Holder;

(c) specify the number of the Holder's account at Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to be debited with such Notes;

(d) irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, (A) to debit the Holder's account with such Notes on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;

(e) contain a representation and warranty from the Holder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;

(f) specify the number and account name of the account at the Clearance System to be credited with the Securities;

(g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) (as defined below) and an irrevocable instruction to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Holder with Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;

(h) include a certificate of non-U.S. beneficial ownership in the form required by the Issuer; and

(i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings.

A Transfer Notice, once delivered to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Holder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system.

A Transfer Notice shall only be valid to the extent that Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.

Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Issuing and Paying Agent and shall be conclusive and binding on the Issuer and the Holder.

The Issuing and Paying Agent shall promptly on the local banking day following receipt of such notice send a copy of the Transfer Notice to the Issuer or such person as the Issuer may previously have specified.

Delivery of the Securities will be via the Clearance System. The delivery or transfer of Securities to each Holder is at the relevant Holder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.

9.10 ***Definitions***

For the purposes of these Terms and Conditions:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 9.7 (*Additional Disruption Events*).

"**Cash Settlement**" means, in relation to a Series of Notes, that the relevant Holder is entitled to receive from the Issuer on the Cash Settlement Payment Date an amount calculated in accordance with the relevant Pricing Supplement in the relevant Currency (as specified in the Pricing Supplement).

"**Cash Settlement Payment Date**" means, in relation to a Series of Notes, the date specified or otherwise determined as provided in the relevant Pricing Supplement. In the case of an Index-Linked Note or an Equity-Linked Note which relates to a basket of Indices or Securities and in relation to which the Cash Settlement Payment Date is expressed to be determined by reference to a Valuation Date, if as a result of the occurrence of a Disrupted Day there is more than one Valuation Date with respect to Indices or Securities comprised in such basket, then the relevant Cash Settlement Payment Date shall be determined by reference to the Valuation Date which is the last to occur.

"**China Connect**" means any securities trading and clearing links developed or to be developed by Hong Kong Stock Exchange, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access between Hong Kong Stock Exchange and any such China Connect Market.

"**China Connect Business Day**" means any Scheduled Trading Day on which the China Connect Service is open for order-routing during its regular order-routing sessions, notwithstanding the China Connect Service closing prior to its Scheduled Closing Time.

"**China Connect Disruption**" means (a) any suspension of or limitation imposed on routing of orders (including in respect of buy orders only, sell orders only or both buy and sell orders) through the China Connect Service, relating to the Securities on the Exchange (or in the case of an Index or basket of Indices, relating to Component Securities that comprise 20 per cent. or more of the level of the relevant Index) or (b) any event (other than a China Connect Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of the market participants in general to enter orders in respect of Securities through the China Connect Service (or in the case of an Index or basket of Indices, in Component Securities that comprise 20 per cent. or more of the level of the relevant Index).

"**China Connect Early Closure**" means the closure on any China Connect Business Day of the China Connect Service (**provided that**, in the case of an Index or basket of Indices, Component Securities that comprise 20 per cent. or more of the level of the relevant Index are securities that are order-routed through the China Connect Service) prior to its Scheduled Closing Time unless such earlier closing time is announced by Hong Kong Stock Exchange or the Exchange, as the case may be, at least one hour prior to the earlier of (i) the actual closing time for order-routing through the China Connect Service on such China Connect Business Day and (ii) the submission deadline for orders to be entered into the China Connect Service system for execution on the Exchange at the Valuation Time on such China Connect Business Day.

"**China Connect Market**" means any stock exchange in mainland China which is acceptable to the Hong Kong Stock Exchange under the securities trading and clearing links programme developed or to be developed by Hong Kong Stock Exchange, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access with the Hong Kong Stock Exchange and any such China Connect Market.

"**China Connect Service**" means the securities trading and clearing links programme developed by the Exchange, China Connect Market, CSDCC and HKSCC, through which (i) Hong Kong Stock Exchange and/or its affiliates provide order-routing and other related services for certain eligible securities traded on the China Connect Market and (ii) CSDCC and HKSCC provide clearing, settlement, depository and other services in relation to such securities.

"**China Connect Underlying**" means eligible securities listed and traded on a China Connect Market under China Connect.

"**Clearance System**" means, in relation to a Series of Notes, such of Euroclear and/or Clearstream, Luxembourg or any domestic clearance system through which transfers of the Securities are customarily settled as is specified as such in the form from time to time approved by the Issuer for use as a Transfer Notice, or any successor to such clearance system.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

"**Clearing System**" means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg and/or any other clearing system located outside the United States specified in the relevant Pricing Supplement in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held.

"**Common Scheduled Trading Day**" means (i) in respect of a basket of Securities, each day which is a Scheduled Trading Day for all Securities comprising such basket, (ii) in respect of a basket of Indices, each day which is a Scheduled Trading Day for all Indices comprising such basket and (iii) in respect of a basket of Reference Asset Components, each day which is a Scheduled Trading Day for all Reference Asset Components comprising such basket.

"**Component Security**" means with respect to an Index, each component security of that Index.

"**CSDCC**" means China Securities Depository and Clearing Corporation.

"**Deemed Fixing Date**" has the meaning ascribed thereto in the Pricing Supplement.

"**Deemed Valuation Date**" has the meaning ascribed thereto in the Pricing Supplement.

"**Deposit Agreement**" means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented.

"**Depositary**" means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time.

"**Depositary Receipt(s)**" means any Security specified as such in the relevant Pricing Supplement **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Notes and determine, in its sole and absolute discretion, the effective date of such adjustment.

"**Disrupted Day**" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session, or in relation to China Connect Underlying on which the China Connect Service fails to open for order routing during its regular order routing session, or on which a Market Disruption Event has occurred or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

"**DR-Linked Notes**" means a Series of Equity-Linked Notes which relate to one or more Securities which are Depositary Receipts.

"**Early Closure**" means:

(a) the closure on any Exchange Business Day of the relevant Exchange (with respect to the Security) or any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index (with respect to the Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s) at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or

(b) with respect to a Multiple Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Early Termination Settlement Amount**" means such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

"**Equity-Linked Note**" means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Pricing Supplement).

"**Exchange**" means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index, in the case of an Index relating to Index-Linked Notes, or the Securities, in the case of a Security relating to Equity-Linked Notes, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index, in the case of an Index relating to Index-Linked Notes, or the Securities, in the case of a Security relating to Equity-Linked Notes, on such temporary substitute exchange or quotation system as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded or quotation system specified as such in the applicable Pricing Supplement, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date specified as such in the applicable Pricing Supplement), any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Security has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the Component Security on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means (a) any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Sponsor publishes the level of the Multiple Exchange Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means:

(a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Securities on the Exchange (in the case of an Equity-Linked Note) or on any relevant Exchange(s), securities/commodities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note), or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Securities (in the case of an Equity-Linked Note) or the relevant Index (in the case of an Index-Linked Note) on any relevant Related Exchange; or

(b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Multiple Exchange Index on the relevant Related Exchange.

"**Extraordinary Event**" means a Merger Event, Tender Offer, Nationalisation, Insolvency, Insolvency Filing or Delisting. With respect to a Fund, "**Extraordinary Event**" shall also include an Extraordinary Fund Event.

"**Extraordinary Fund Event**" means in the determination of the Calculation Agent, the occurrence or existence of any of the following:

(a) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its

winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (A) through (E) above;

(b) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;

(c) the resignation, termination, or replacement of the Trustee, the Manager, the Supervisory Committee or the Promoter (as defined in the Fund Documents);

(d) any change or modification of the Fund Documents that could reasonably be expected to affect the value of such the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;

(e) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);

(f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);

(g) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) cessation of the listing of the Units on the relevant Stock Exchange (as defined in the Fund Documents), (C) any change in the legal, tax, accounting, or regulatory treatments of the Fund or its Manager, Trustee or the Promoter that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (D) the Fund or any of its Manager, Trustee or Promoter becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund;

(h) (A) occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event continues for the foreseeable future; (B) any failure of the Fund to deliver, or cause to be delivered, (1) information that such Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent, or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with such Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;

(i) on or after the trade date of the Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of Units relating to the Notes, or (Y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

(j) the Issuer would incur a materially increased (as compared with circumstances existing on the trade date of the Notes) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary Fund Event; and

(k) (A) the cancellation or cessation of the index in respect of which any investment made by the Fund is based upon or (B) a material change in the formula for or the method of calculating or any other material modification to such index (other than a modification prescribed in that formula or method to maintain such index in the event of changes in constituent stock and capitalisation and other routine events), (C) the relevant sponsor of such index fails to calculate and announce such index or (D) the cancellation or cessation of the licence agreement with the sponsor.

"**Fixing Rollover Days**" has the meaning ascribed thereto in the Pricing Supplement.

"**Fund**" means the exchange traded fund or similarly traded or listed fund as specified in the relevant Pricing Supplement.

"**Fund Documents**" means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended and supplemented from time to time.

"**Government Bonds**" means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, agency or subdivision or a transnational or supranational organisation as specified in the relevant Pricing Supplement and "**Government Bond**" shall be construed accordingly.

"**HKSCC**" means Hong Kong Securities Clearing Company Limited.

"**Index**" means, in relation to a Series of Notes, the index, as adjusted pursuant to Condition 9, to which the relevant Note relates, as specified in the relevant Pricing Supplement and may be a Multiple Exchange Index, and "**Indices**" shall be construed accordingly.

"**Index-Linked Note**" means a Series of Notes in respect of which the amount payable at maturity is calculated by reference to one or more indices and/or one or more formulae (as indicated in the relevant Pricing Supplement).

"**Maturity Redemption Amount**" has the meaning ascribed thereto in Condition 5.1.

"**Multiple Exchange Index**" means an Index specified as such in the Pricing Supplement.

"**Qualified Foreign Investor Scheme**" means an access scheme through which a qualified foreign institutional investor approved pursuant to the relevant laws and regulations in mainland China (as may be promulgated and/or amended from time to time) can invest in securities, futures and other financial products in mainland China.

"**Reference Asset Component**" has the meaning ascribed thereto in the relevant Pricing Supplement.

"**Related Exchange**" means, in relation to an Index or a Security, each exchange or quotation system specified as such for such Index or Security in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Security, as the case may be, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or Security, as the case may be, on such temporary substitute exchange or quotation system as on the original Related Exchange), **provided that** where "**All Exchanges**" is specified as the Related Exchange in the applicable Pricing Supplement, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or Security, as the case may be.

"**Relevant Price**" has the meaning ascribed thereto in the relevant Pricing Supplement.

"**Scheduled Closing Time**" means, in respect of an Exchange, Related Exchange or, in the case of China Connect Underlying, the China Connect Service and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange, Related Exchange or, in the case of China Connect Underlying, the China Connect Service on such Scheduled Trading Day, without regard (in the case of any Exchange or Related Exchange) to after hours or any other trading outside of the regular trading session hours or (in the case of the China Connect Service) any after hours or any other order-routing outside of the regular order-routing session hours.

"**Scheduled Fixing Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Fixing Date.

"**Scheduled Trading Day**" means, in respect of a Security or an Index (as applicable), (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and (b) in the case of China Connect Underlying, any day on which the China Connect Service is scheduled to be open for order-routing for its regular order-routing sessions; or (c) with respect to a Multiple Exchange Index, any day on which (i) the Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Securities**" means the equity securities, Government Bonds, debt securities or other securities, Units of a Fund, depositary receipts or property, as adjusted pursuant to Condition 9, to which the relevant Note relates, as specified in the relevant Pricing Supplement, and "**Security**" shall be construed accordingly.

"**Securities Transfer Amount**" has the meaning ascribed thereto in the relevant Pricing Supplement.

"**Settlement Cycle**" means, in relations to Securities, the period of Clearance System Business Days following a trade in such Securities on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Pricing Supplement, the date that falls one Settlement Cycle following the Maturity Date (or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day) or, (b) in any other case, and unless otherwise specified in the relevant Pricing Supplement, the date specified as such in the relevant Pricing Supplement, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention is specified in the relevant Pricing Supplement. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 9.3.

"**Spot Price**" has the meaning ascribed thereto in the relevant Pricing Supplement.

"**Trading Disruption**" means:

(a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

(A) relating to the Securities or the Exchange (in the case of an Equity-Linked Note) or on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note); or

(B) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or

(b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Multiple Exchange Index on any relevant Related Exchange.

"**Transfer Expenses**" means, with respect to any Notes, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Noteholders of any underlying value to which the Notes relate.

"**Underlying Company**" means the issuer of the Security as specified in the relevant Pricing Supplement and, if the Notes are DR-Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security.

"**Underlying Security**" means, with respect to DR-Linked Notes and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates.

"**Unit**", in relation to a Fund, has the meaning ascribed thereto in the relevant Pricing Supplement. "**Valuation Rollover Days**" has the meaning ascribed thereto in the Pricing Supplement.

9A Provisions relating to Fund-Linked Notes

This Condition 9A is applicable only in relation to Fund-Linked Notes. For the purposes of Fund-Linked Notes, in the case of any inconsistency between any provisions and/or defined terms under this Condition 9A and the other provisions and/or defined terms under these Terms and Conditions of the Notes, the provisions and/or defined terms under this Condition 9A shall prevail.

9A.1 ***Definitions***

As used in this Condition 9A, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" means a Change in Law, Hedging Disruption and/or an Increased Cost of Hedging, as further specified in the relevant Pricing Supplement;

"**Averaging Date**" means, in respect of the Final Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Reference Fund Valuation Day, the next following Reference Fund Valuation Day), subject to the provisions of Condition 9A.2;

"**Change in Law**" means, in relation to any Notes, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (x) it will, or there is a substantial likelihood that it

will, with the passing of time, or has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale of disposal of Reference Fund Units relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes, (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Cut-off Date**" means the date specified as such in the relevant Pricing Supplement (or, if no such date is so specified, one calendar month following the Final Valuation Date);

"**Cut-Off Final Valuation Date**" means the date specified as such in the Pricing Supplement;

"**Extraordinary Fund Event**" means, in respect of a Reference Fund, the occurrence or existence of any of the following on or prior to the Final Valuation Date, as determined by the Calculation Agent:

(a) any breach or violation of the provisions of the Reference Fund Prospectus or any other relevant fund document including, but not limited to: the constitutive and governing documents of the relevant Reference Fund, the subscription agreements and other agreements of the relevant Reference Fund, any (verbal or written) agreement with respect to the Reference Fund entered into by the Issuer with the Reference Fund and/or any of its service providers, any strategy or investment guidelines, and any agreement entered into by the relevant Reference Fund and/or its service providers that is reasonably likely to affect the relevant Reference Fund;

(b) (i) the non-execution or partial execution by such Reference Fund for any reason of a subscription or redemption order in respect of any units in that Reference Fund given by a Hypothetical Investor (whether or not in accordance with the relevant Reference Fund Prospectus), (ii) the Reference Fund suspends or refuses transfers of any of its units (including, without limitation, if the Reference Fund applies any gating, deferral, suspension or other similar provisions permitting the Reference Fund to delay or refuse redemption or transfer of units), (iii) the Reference Fund imposes in whole or in part any restriction (including, without limitation, any redemption in specie), charge or fee in respect of a redemption or subscription of its units by the Issuer or exercises its right to claw back the proceeds already paid on redeemed units if in any case it could, in the determination of the Calculation Agent, have an adverse impact on the Issuer's or any of its designated affiliates', as applicable, rights or obligations in relation to its hedging activities in relation to the Notes, or (iv) a mandatory redemption, in whole or in part, of the units is imposed by the Reference Fund on any one or more holders of units at any time for any reason;

(c) such Reference Fund or any Reference Fund Service Provider (i) ceases trading and/or, in the case of a Reference Fund Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable); (ii) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its

winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vi) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (vi) above;

(d) there exists any litigation against the Reference Fund or a Reference Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Reference Fund Units or the rights or remedies of any investor in such Reference Fund Units;

(e) (i) a Reference Fund Service Provider ceases to act in such capacity in relation to the Reference Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the Reference Fund and/or any Reference Fund Service Provider to meet or maintain any obligation or undertaking under the Reference Fund Prospectus or any other relevant fund document which failure is reasonably likely to have an adverse impact on the value of the Reference Fund Units or on the rights or remedies of any investor in such Reference Fund Units;

(f) a material modification, or any announcement regarding a potential future material modification, of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of such Reference Fund;

(g) the failure by such Reference Fund to comply with its reporting obligations (including but not limited to, without limitation, any periodic reporting of the Net Asset Value of such Reference Fund, periodic statements thereof, return numbers and composition of such Reference Fund and the allocation of capital for such Reference Fund (where applicable)) in accordance with its agreements with the Issuer or any of its designated affiliates (as applicable);

(h) a material modification (other than any modifications referred to in (e) above) of such Reference Fund (including but not limited to a modification of the Reference Fund Prospectus or the articles of association or other constitutional documents of such Reference Fund) or the occurrence of a change or any event materially affecting such Reference Fund (including, but not limited to, the interruption, breakdown or suspension of the calculation of the Net Asset Value of such Reference Fund unless such interruption, breakdown or suspension is cured within two Business Days);

(i) a material modification of the type of assets in which such Reference Fund invests or the trading practices of the relevant Reference Fund (including but not limited to a material deviation from the investment policy and investment objectives set out in the Reference Fund Prospectus) which, in the determination of the Calculation Agent, has or is likely to have a material effect on any hedging arrangements entered into by the Issuer or any of its designated affiliates (as applicable) in respect of these Notes;

(j) such Reference Fund or any Reference Fund Service Provider has its authorisation or registration cancelled by any applicable regulatory authority;

(k) (i) an allegation of criminal or fraudulent activity is made in respect of the Reference Fund, or any Reference Fund Service Provider, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred or (ii) such Reference Fund or a Reference Fund Service Provider (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from

the operation of such Reference Fund, investment adviser, manager or administration agent; (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of such Reference Fund; (C) makes any material misrepresentation under any document in respect of the relevant Reference Fund or (D) announces its intention to cease the business of investment management;

(l) (i) any relevant activities of or in relation to the Reference Fund or a Reference Fund Service Provider are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the Reference Fund by any governmental, legal or regulatory entity with authority over the Reference Fund), (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Reference Fund or a Reference Fund Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the Reference Fund is required by a competent authority to redeem any Reference Fund Units, (iv) the Issuer or any of its designated affiliates (as applicable) is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any Reference Fund Units held in connection with any hedging arrangements relating to the Notes and/or (v) any change in the legal, tax, accounting or regulatory treatment of the Reference Fund or any Reference Fund Service Provider that is reasonably likely to have an adverse impact on the value of the Reference Fund Units or other activities or undertakings of the Reference Fund or on the rights or remedies of any investor in such Reference Fund Units, including the Issuer;

(m) the creation by the Reference Fund of any illiquid share class or unit howsoever described;

(n) the currency denomination of Reference Fund Units is amended from that set out in the Reference Fund Prospectus or any other relevant fund document so that the NAV per unit is no longer calculated in the same currency as it was as at the trade date of the Notes;

(o) if applicable, the Reference Fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction;

(p) if the Reference Fund comprises multiple classes or series (howsoever described in the Reference Fund Prospectus or any other relevant fund document) of shares or units, and the Calculation Agent determines (in good faith and a commercially reasonable manner) at any time, taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the Reference Fund Prospectus or any other relevant fund document), that such other class or series has or may have an adverse effect on the hedging activities of the Issuer or any of its designated affiliates (as applicable) in relation to the Notes;

(q) (i) the Calculation Agent determines, at any time, that the NAV per unit is inaccurate, or (ii) the reported net asset value of the Reference Fund Units misrepresents the net asset value of the Reference Fund Units;

(r) any material modification of the method of calculating the NAV per unit;

(s) any change in the periodicity of the calculation or the publication of the NAV per unit;

(t) any change in the length of notice periods for redemptions or transfers in relation to the Reference Fund;

(u) a Reference Fund Disruption Event has occurred and is continuing for at least three consecutive Reference Fund Valuation Days;

(v) the exposure (expressed as percentage) of the Reference Fund to securities with a credit quality (based upon the lowest credit ratings from S&P, Moody's and Fitch when available) below B, B2 or B for S&P, Moody's and Fitch respectively exceeds 35 per cent; the aggregated level of leverage (expressed as percentage) of the Reference Fund exceeds 20 per cent;

(w) the Calculation Agent determines that, over any period not exceeding twelve months, the total net value of the assets of the Reference Fund has decreased by 30 per cent. (either due to redemptions, a decrease in value of such assets or otherwise); or

(x) the Calculation Agent determines that, over any period not exceeding twelve months (ending on the immediately preceding date on which the Reference Fund Adviser published the total value of the assets it managed), the total value of the assets managed by the Reference Fund Adviser (including the Reference Fund) has decreased by 50 per cent. (either due to redemptions, a decrease in value of such assets or otherwise);

"**Final Reference Fund Unit Value**" means, in relation to a Reference Fund Unit, subject to the occurrence of a Reference Fund Event,

(a) the Reference Fund Unit Value of such Reference Fund Unit on the Final Valuation Date; or

(b) if Averaging is specified as being applicable, the arithmetic mean of the Reference Fund Unit Values of such Reference Fund Unit on each Averaging Date;

in each case as calculated on the Redemption Calculation Date;

"**Final Valuation Date**" means, subject to Condition 9A.2 below, the date specified as such in the Pricing Supplement (the "**Scheduled Final Valuation Date**") **provided that** if such date is not a Reference Fund Valuation Day, the Final Valuation Date shall be the next following Reference Fund Valuation Day;

"**Final Value**" means:

(a) in respect of a Fund-Linked Note relating to a single Reference Fund Unit, the Final Reference Fund Unit Value; and

(b) in respect of a Fund-Linked Note relating to a basket of Reference Fund Units, the arithmetic mean of the Final Reference Fund Unit Values of each Reference Fund Unit comprising the basket (weighted or adjusted in relation to each Reference Fund Unit as provided in the relevant Pricing Supplement);

"**Hedging Disruption**" means that the Issuer or any of its designated affiliates is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or any of its designated affiliates or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Notes or (B) realise, recover, receive, transfer or remit the proceeds of any such transaction(s) or asset(s) or (C) without prejudice to (B) above, transfer amounts denominated in the Settlement Currency (1) from accounts inside the Settlement Currency Jurisdiction to accounts outside the Settlement Currency Jurisdiction (2) between accounts inside the Settlement Currency Jurisdiction or (3) to a party that is a non-resident of the Settlement Currency Jurisdiction or (D) without prejudice to (B) and (C) above, convert the Settlement Currency into an Alternative Payment Currency) and, for the avoidance of doubt "using commercially reasonable efforts and acting in good faith" to hedge the risks of the Issuer referred to herein does not include the value of any quota granted to the Issuer or any of its designated affiliates under the Qualified Foreign Investor Scheme;

"**Hypothetical Investor**" means a hypothetical investor in the Reference Fund Units of a Reference Fund;

"**Increased Cost of Hedging**" means that the Issuer or any of its designated affiliates would incur materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, the amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its designated affiliates, as applicable, shall not be deemed an Increased Cost of Hedging;

"**Initial Reference Fund Unit Value**" means, in respect of a Reference Fund Unit, the value specified as such in the applicable Pricing Supplement, or, if no Initial Reference Fund Unit Value is specified, the Reference Fund Unit Value on the Strike Date;

"**Initial Value**" means:

(a) In respect of a Fund-Linked Note relating to a single Reference Fund, the Initial Reference Fund Unit Value; and

(b) In respect of a Fund-Linked Note relating to a basket of Reference Funds, the arithmetic mean of the Initial Reference Fund Unit Values of each Reference Fund Unit comprising the basket (weighted or adjusted in relation to each Reference Fund Unit as provided in the relevant Pricing Supplement);

"**Merger Event**" means, in respect of the Reference Fund Units of a Reference Fund and as determined by the Calculation Agent, the occurrence on or prior to the Final Valuation Date of any (a) reclassification or change of such Reference Fund Units that results in a transfer of or an irrevocable commitment to transfer all of such units outstanding, (b) consolidation, amalgamation or merger of the Reference Fund with or into another entity (other than consolidation, amalgamation or merger in which the Reference Fund is the continuing entity and which does not result in any such reclassification or change of all of such units outstanding) or (c) other takeover offer for such Reference Fund Units that results in a transfer of or an irrevocable commitment to transfer all such Reference Fund Units (other than such units owned or controlled by the offeror);

"**Net Asset Value**" or "**NAV**" means, in respect of each Reference Fund Unit of a Reference Fund and a Reference Fund Valuation Date, the official net asset value, expressed in the relevant currency, for such Reference Fund Valuation Date, as published in accordance with the relevant Reference Fund Prospectus and as determined by the Calculation Agent;

"**Potential Adjustment Event**" means the occurrence, as determined by the Calculation Agent, at any time on or prior to the Final Valuation Date of any of the following events in relation to a Reference Fund:

(a) a subdivision, reclassification, reorganisation or consolidation of the Reference Fund Units in the Reference Fund (other than that constituting a Merger Event), or a free distribution or dividend of any such Reference Fund Units to existing holders by way of bonus, capitalisation or similar issue;

(b) a distribution, issue or dividend to existing holders of the relevant Reference Fund Units of (i) an additional amount of such Reference Fund Units, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Reference Fund Units, or (iii) share capital or other securities of another issuer acquire or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(c) an extraordinary dividend;

(d) a repurchase by the Reference Fund of such Reference Fund Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Reference Fund Units initiated by an investor in such Reference Fund Units that is consistent with the Reference Fund Prospectus; or

(e) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Fund Units.

"**Redemption Calculation Date**" means the earlier of (i) the Cut-off Date and (ii) the date on which the Hypothetical Investor actually receives all of the redemption proceeds assuming it had submitted a timely notice for redemption in respect of the Final Valuation Date, as determined by the Calculation Agent;

"**Reference Fund(s)**" means the fund(s) specified as such in the relevant Pricing Supplement;

"**Reference Fund Adviser**" means, with respect to a Reference Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Reference Fund Documents;

"**Reference Fund Disrupted Day Related Payment Date**" means any payment date on the Notes on which the amount payable is calculated by reference to the Reference Fund Unit Value of a Reference Fund determined on the related Final Valuation Date or Cut-Off Final Valuation Date;

"**Reference Fund Disruption Event**" means, in respect of a Reference Fund, the occurrence or existence on any day of, as determined by the Calculation Agent:

(a) a postponement of the date as of which the relevant Reference Fund is scheduled, according to the documentation governing such Reference Fund, to determine the Net Asset Value of such Reference Fund for the purposes of calculating the redemption proceeds to be paid to or number of units to be subscribed by a Hypothetical Investor assuming it had submitted a timely and valid notice for redemption or subscription; and/or

(b) the occurrence or continuation of a postponement of the reporting by the relevant Reference Fund to its investors or, if applicable, the publishing by the relevant Reference Fund or the relevant publishing service, in each case of the Net Asset Value of the relevant Reference Fund; and/or

(c) the occurrence or continuation of a postponement in the payment of any or all of the redemption proceeds relating to such Reference Fund Units (whether or not in accordance with the Reference Fund Prospectus);

"**Reference Fund Documents**" means, in relation to any Reference Fund, the constitutive and governing documents, subscription agreements and other agreements of such Reference Fund specifying the terms and conditions relating to such Reference Fund, in each case as amended and supplemented from time to time;

"**Reference Fund Event**" means each of a Potential Adjustment Event, an Extraordinary Fund Event, an Additional Disruption Event, a Merger Event or a Technical Constraints Event;

"**Reference Fund Prospectus**" means, in respect of a Reference Fund, the most recently published offering document relating to that Reference Fund, as amended, restated or supplemented from time to time;

"**Reference Fund Service Provider**" means any person who is appointed to provide services, directly or indirectly, in respect of a Reference Fund, whether or not specified in the Reference Fund Prospectus or any other relevant fund document, including any adviser, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, sponsor or general partner;

"**Reference Fund Unit**" means, in respect of a Reference Fund, a share or a notional unit of ownership in respect of that Reference Fund in the relevant (or related) share classes, as designated by the Calculation Agent;

"**Reference Fund Unit Value**" means, as determined by the Calculation Agent, in respect of a Reference Fund and a Reference Fund Valuation Day, the Net Asset Value per share for the Relevant Reference Fund Unit as published in accordance with the Reference Fund Prospectus for such Reference Fund Valuation Day (or as otherwise specified in the relevant Pricing Supplement).

Notwithstanding the provisions of Condition 9A.2, if the Reference Fund Unit Value is not available in a timely fashion on any Reference Fund Valuation Day, the Calculation Agent may, at its the discretion acting in good faith, in order to calculate the relevant Reference Fund Unit Value calculate an estimated Reference Fund Unit Value in respect of such Reference Fund Valuation Day;

"**Reference Fund Valuation Day**" means, in respect of a Reference Fund, any Business Day (as defined in Condition 4.12) in respect of which such Reference Fund is scheduled to publish its Net Asset Value;

"**Strike Date**" means the date specified as such in the relevant Pricing Supplement (or if such date is not a Reference Fund Valuation Day, the next following Reference Fund Valuation Day);

"**Technical Constraints Event**" means the occurrence or existence of a constraint in respect of the Issuer in performing adequately the hedging of its exposure to the Reference Fund(s) and/or relevant currency exchange rates (if applicable) due to any of the following reasons, as determined by the Calculation Agent:

(a) any internal risk limits existing as of the trade date of the Notes or at any time thereafter;

(b) internal approvals, whether required as of the trade date of the Notes or at any time thereafter;

(c) reputational risks; or

(d) compliance with laws in relevant jurisdictions, including local regulations, whether required as of the trade date of the Notes or at any time thereafter; and

"**Valid Date**" means, in respect of a Reference Fund, a Reference Fund Valuation Day on which a Reference Fund Disruption Event does not occur and on which another Averaging Date does not or is not deemed to occur.

9A.2 ***Occurrence of a Reference Fund Disruption Event***

If a Reference Fund Disruption Event occurs in relation to a Reference Fund (but no Reference Fund Event has occurred or is subsisting) on:

(a) the Final Valuation Date, then the Calculation Agent may, acting in good faith and in a commercially reasonable manner, postpone the Final Valuation Date in relation to such relevant Reference Fund Unit until the earlier of (i) the first Reference Fund Valuation Day on which the Calculation Agent determines that any one or more Reference Fund Disruption Events are no longer continuing, or (ii) Cut-off Final Valuation Date. If a Reference Fund Disruption Event continues on such Cut-off Final Valuation Date, the Calculation Agent shall determine the Reference Fund Unit Value for such Cut-off Final Valuation Date acting in good faith and in a commercially reasonable manner;

(b) any Averaging Date, then the Calculation Agent may, acting in good faith and in a commercially reasonable manner, if the consequence specified in the relevant Pricing Supplement in relation to Averaging Date Market Disruption is:

(i) "**Omission**", deem such Averaging Date not to be a relevant Averaging Date for purposes of determining the Final Value of any Reference Fund Unit, **provided that**, if through the operation of this provision no Averaging Date would occur, then Condition 9A.2(a) will apply for purposes of determining the relevant Reference Fund Unit Value on the final Averaging Date as if such final Averaging Date were the Final Valuation Date;

(ii) "**Postponement**", determine that Condition 9A.2(a) shall apply for purposes of determining the relevant Reference Fund Unit Value as if such Averaging Date were the Final Valuation Date irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes; or

(iii) "**Modified Postponement**", then:

(1) in the case of a Fund-Linked Note which relates to a single Reference Fund, determine that the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Cut-off Final Valuation Date then the Cut-off Final Valuation Date shall be deemed to be the Averaging Date, notwithstanding the fact that a Reference Fund Disruption Event occurs or is continuing on such day (irrespective of whether that Cut-off Final Valuation Date is already an Averaging Date) and the Calculation Agent shall determine the Reference Fund Unit Value for that Averaging Date in accordance with Condition 9A.2(a); and

(2) in the case of a Fund-Linked Note which relates to a basket of Reference Funds, the Averaging Date for each Reference Fund in respect of which no Reference Fund Disruption Event has occurred or is continuing shall be the day specified in the relevant Pricing Supplement as an Averaging Date and the Averaging Date for a Reference Fund affected by the occurrence of a Reference Fund Disruption Event shall be the first succeeding Valid Date in relation to such Reference Fund. If the first succeeding Valid Date in relation to such Reference Fund has not occurred as of Cut-off Final Valuation Date, then the Cut-off Final Valuation Date shall be deemed to be the Averaging Date (irrespective of whether that Cut-off Final Valuation Date is already an Averaging Date) and the Calculation Agent shall determine the relevant Reference Fund Unit Value for that Averaging Date in accordance with Condition 9A.2(a).

If any Averaging Date in relation to the Final Valuation Date occurs after the Final Valuation Date as a result of the occurrence of a Reference Fund Disruption Event, then (i) the Redemption Calculation Date, Maturity Date, a Call Option Date, a Put Date or other early redemption date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Fund Event, Merger Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Final Valuation Date.

If a Final Valuation Date is postponed pursuant to this Condition 9A.2 (*Occurrence of a Reference Fund Disruption Event*), the Scheduled FX Fixing Day in respect of the Final Valuation Date shall, in the Calculation Agent's discretion, be postponed to the Final Valuation Date as postponed, **provided that**, the Scheduled FX Fixing Day is subject to Condition 8.6 (*FX Disruption Event*).

If a Final Valuation Date is postponed in accordance with this Condition 9A.2 (*Occurrence of a Reference Fund Disruption Event*), any Reference Fund Disrupted Day Related Payment Date will also be postponed, if needed, such that the Reference Fund Disrupted Day Related Payment Date shall fall at least three (3) local banking days (or such other number of local banking days as may be specified in the Pricing Supplement) following the later of (i) the postponed Final Valuation Date or, if later, the Cut-off Final Valuation Date, as applicable and (ii) the postponed Scheduled FX Fixing Day or, if later, the Revised FX Fixing Day, as applicable.

Unless Reference Fund Disruption Interest Adjustment is specified in the relevant Pricing Supplement as being applicable, no further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 9A.2 (*Occurrence of a Reference Fund Disruption Event*) (so that, for the avoidance of doubt, any interest payable in respect of the Notes on a Reference Fund Disrupted Day Related Payment Date which is so postponed shall be calculated as if such Reference Fund Disrupted Day Related Payment Date had not been postponed pursuant to this Condition 9A.2).

9A.3 ***Effect of Reference Fund Events***

Following the occurrence of a Reference Fund Event, the Calculation Agent may, acting in good faith and in a commercially reasonable manner, either:

(a) designate a date as an early redemption date (the "**Early Redemption Date**") and the Noteholders will receive the Early Redemption Amount (Fund) on such designated Early Redemption Date (the "**Original Early Redemption Date**"), **provided that** if the Calculation Agent determines,

in its sole discretion, that a Hypothetical Investor would experience a delay in receiving all of the relevant redemption proceeds assuming it had submitted a timely notice for the redemption of its fund holdings in respect of the Original Early Redemption Date (or any earlier date designated by the Calculation Agent), then the Early Redemption Date shall occur 10 Relevant Financial Centre Days (as defined in Condition 8.3 (d)) after the earlier of (A) the date on which a Hypothetical Investor would have received all relevant redemption proceeds and (B) the Cut-off Date; or

(b) make any temporary or permanent adjustments to any of the following:

(i) any relevant Reference Fund (including a substitution of such Reference Fund);

(ii) any relevant Reference Fund Unit;

(iii) any relevant Reference Fund Unit Values; and/or

(iv) any other terms of the Notes as the Calculation Agent determines appropriate and it shall determine the time as of which any such adjustments become effective;

(c) in respect of a Merger Event, where consideration for the relevant Reference Fund Units of the relevant Reference Fund consists solely of units of a fund in which the Hypothetical Investor could invest (the "**New Units**"), references to a Reference Fund Unit of the relevant Reference Fund shall be replaced by references to the number of New Units to which a holder of a Reference Fund Unit would be entitled upon consummation of the Merger Event and the New Units and their issuer will be deemed to be the Reference Fund Units and the Reference Fund, respectively, and, if necessary, the Calculation Agent will make adjustments to the relevant Reference Fund Unit Value and/or any other terms of the Notes in such manner as it considers appropriate; or

(d) in respect of any Reference Fund Event occurring or subsisting on the Final Valuation Date or the Final Averaging Date (as applicable), the Calculation Agent may determine the Maturity Redemption Amount. In doing so, it may take into account the redemption proceeds (if any) which a Hypothetical Investor would have received by not later than the Cut-off Date assuming that it had submitted a timely notice for redemption of all relevant fund holdings in respect of the Final Valuation Date.

9A.4 ***Early Redemption Amount (Fund) on Early Redemption by Issuer***

With respect to any Early Redemption Date designated by the Issuer upon the occurrence of a Reference Fund Event, the amount payable on such Early Redemption Date (the "**Early Redemption Amount (Fund)**") shall be the Fair Market Value of the Notes immediately prior to the date on which such early redemption occurs. When determining the Early Redemption Amount (Fund), the Calculation Agent may take into account the redemption proceeds (if any) which a Hypothetical Investor would have received by not later than the Cut-off Date assuming that it had submitted a timely notice for redemption of all relevant fund holdings in respect of the Original Early Redemption Date (or any earlier date designated by the Calculation Agent).

10. Prescription

10.1 Claims for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 7.2) for payment thereof.

10.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8.1(f) or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

11. The Paying Agents, the Registrars and the Calculation Agent

11.1 The initial Paying Agents and Registrars and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issuing and Paying Agent) or the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent **Provided that** there will at all times be (i) an Issuing and Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) so long as the Notes are listed on the Hong Kong Stock Exchange and/or any other stock exchange, a Paying Agent (which may be the Issuing and Paying Agent) and a Registrar each with a specified office in Hong Kong and/or in such other place as may be required by such other stock exchange, (iv) in the circumstances described in Condition 8.1(d), a Paying Agent with a specified office in New York City, and (v) a Calculation Agent where required by the Terms and Conditions applicable to any Notes. The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.

11.2 The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and (except in the case of Notes issued by the Bank) the Guarantor and, save as provided in the Issuing and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issuing and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11A Consequences of a Benchmark Trigger Event

(a) If the Issuer determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to a Series of Notes, then:

(i) if an Alternative Pre-nominated Index has been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement:

(A) unless the Issuer determines that replacing the Relevant Benchmark with the Alternative Pre-nominated Index would not produce a commercially reasonable result, references to such Relevant Benchmark shall be deemed to be replaced with references to the Alternative Pre-nominated Index with effect from such date as the Issuer shall determine (acting in good faith and in a commercially reasonable manner); and

(B) the Issuer shall make such other adjustments to the Terms and Conditions as it determines are necessary to account for the effect on the Notes of referencing the Alternative Pre-nominated Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes; and

(ii) if an Alternative Pre-nominated Index has not been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement or the Issuer determines that replacing the Relevant Benchmark with the Alternative Pre-nominated Index would not produce a commercially reasonable result, the Issuer shall do any of the following:

(A) determine that references to such Relevant Benchmark shall be deemed to be replaced by references to such index, benchmark or price source as the Issuer determines would have the effect of placing the Issuer in an economically equivalent position to that which it would have been in had the Benchmark Trigger Event not occurred (the "**Replacement Index**") (and in making such determination the Issuer shall be entitled to take into account such facts and circumstances as it considers relevant including, without limitation, (i) any index, benchmark or other price source which measures the

same market or economic reality as the Relevant Benchmark and which is formally designated, nominated or recommended by the administrator or sponsor of the Relevant Benchmark or (ii) any index, benchmark or other price source which is formally designated, nominated or recommended by any Relevant Nominating Body, in each case to replace the Relevant Benchmark), in which case:

(1) references to such Relevant Benchmark shall be deemed to be replaced with references to such Replacement Index with effect from such date as the Issuer shall determine (acting in good faith and in a commercially reasonable manner); and

(2) the Issuer shall make such other adjustments to the Terms and Conditions as it determines are necessary to account for the effect on the Notes of referencing the Replacement Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes; or

(B) determine that the Notes shall be redeemed, in which case the Issuer shall redeem the Notes at their early redemption amount (the "**Early Redemption Amount (Benchmark Trigger Event)**") (which shall be their Fair Market Value as determined by the Calculation Agent (acting in good faith and in a commercially reasonable manner) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement) on the date selected by the Issuer and give notice of such redemption to the Noteholders in accordance with Condition 14 (*Notices*);

provided, however, that if (1) it is or would be unlawful at any time under applicable law or regulation or (2) it would contravene any applicable licensing requirements, in each case, for any of the above provisions or determinations to apply to the Notes, then such provision shall not apply and the Issuer shall not make such determination (as the case may be) and the Issuer shall instead take any of the above actions that complies with the applicable law, regulation or licensing requirements.

(b) If the Issuer is not able to determine the Relevant Benchmark in accordance with the provisions of this Condition 11A on any Relevant Benchmark Determination Date, then the Relevant Benchmark Determination Date shall be postponed to such date as it is able to make such determination and any Relevant Benchmark Related Payment Date will also be postponed, if needed, such that the Relevant Benchmark Related Payment Date shall fall at least three (3) local banking days (or such other number of days as may be specified in the applicable Pricing Supplement) following the postponed Relevant Benchmark Determination Date.

(c) The Issuer shall promptly following the determination of any replacement for a Relevant Benchmark pursuant to paragraph (a)(i)(A) or (a)(ii)(A) above give notice thereof and of any changes pursuant to paragraph (a)(i)(B) or (a)(ii)(A)(2) (as applicable) to the Noteholders (in accordance with Condition 14 (*Notices*)).

(d) Without prejudice, in the case of any Index-Linked Notes, to Condition 9.2(a) (*Index Modification*), if the definition, methodology or formula for a Relevant Benchmark in respect of a Series of Notes, or other means of calculating the Relevant Benchmark in respect of a Series of Notes, is changed, then references to such Relevant Benchmark shall be to such Relevant Benchmark as so changed.

(e) In making any determination under this Condition 11A, the Issuer shall take account of such facts and circumstances as it considers relevant, including, without limitation, prevailing market practice, any determinations made in respect of any of the Issuer's hedging arrangements in relation to the Notes (including, without limitation, in respect of any termination or re-establishment of hedging arrangements), and the Issuer's funding costs. Except to the extent such exclusion is prohibited by law, in the absence of fraud or gross negligence on the part of the Issuer, no liability will attach to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 11A.

For the purposes of these Terms and Conditions:

"**Administrator/Benchmark Event**" means, in relation to any Series of Notes and an Applicable Benchmark, an event or circumstance which has the effect that the Issuer or the Calculation Agent is not, or will not be, permitted under any applicable law or regulation to use such Applicable Benchmark to perform its or their obligations under the Notes;

"**Administrator/Benchmark Event Date**" means, in respect of any Administrator/Benchmark Event, the date from which the Applicable Benchmark may no longer be used under any applicable law or regulation by the Issuer or the Calculation Agent;

"**Affected Relevant Benchmark**" means, in relation to any Series of Notes, the Relevant Benchmark affected by a Benchmark Trigger Event;

"**Alternative Pre-nominated Index**" means, in respect of a Relevant Benchmark, the first of the indices, benchmarks or other price sources specified in the relevant Pricing Supplement as an "Alternative Pre-nominated Index" and which is not subject to a Benchmark Trigger Event;

"**Applicable Benchmark**" means any of the following:

(a) a Relevant Benchmark;

(b) a Reference Rate;

(c) any index, benchmark or other price source that is referred to in a Relevant Benchmark;

(d) any rate that applies as a fallback pursuant to Conditions 4.4D, 4.4E or 4.4F;

(e) an Alternative Pre-nominated Index used pursuant to Condition 11A (*Consequences of a Benchmark Trigger Event*); and

(f) a Replacement Index used pursuant to Condition 11A (*Consequences of a Benchmark Trigger Event*);

"**Applicable Fallback Effective Date**" means, in respect of an Applicable Benchmark and an Index Cessation Event or an Administrator/Benchmark Event, the Index Cessation Effective Date or the Administrator/Benchmark Event Date, as applicable;

"**Benchmark Trigger Event**" means:

(a) in respect of a Series of Notes that references a Relevant Benchmark that is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate:

  (i) an Index Cessation Event; or

  (ii) an Administrator/Benchmark Event; and

(b) in respect of any other Series of Notes, an Administrator/Benchmark Event;

"**Index Cessation Effective Date**" means:

(a) the first date on which the Applicable Benchmark would ordinarily have been published or provided and is no longer published or provided; or

(b) in the case of limb (c) of the definition of "Index Cessation Event", the first date on which the Applicable Benchmark would ordinarily have been published or provided and is either:

  (i) no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark is intended to measure and that representativeness will not be restored, by reference to the most recent statement or publication contemplated in such limb (c), and even if such Applicable Benchmark continues to be published or provided on such date; or

  (ii) no longer published or provided;

"**Index Cessation Event**" means, in respect of a Series of Notes that references an Applicable Benchmark which is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate, the occurrence or existence, as determined by the Issuer, of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the administrator of the Applicable Benchmark announcing that it has ceased or will cease to provide the Applicable Benchmark permanently or indefinitely, **provided that**, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Applicable Benchmark, the central bank for the currency of the Applicable Benchmark, an insolvency official with jurisdiction over the administrator for the Applicable Benchmark, a resolution authority with jurisdiction over the administrator for the Applicable Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Applicable Benchmark, which states that the administrator of the Applicable Benchmark has ceased or will cease to provide the Applicable Benchmark permanently or indefinitely, **provided that**, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark;

(c) if the Applicable Benchmark is the Sterling London interbank offered rate, the Swiss Franc London interbank offered rate, the U.S. Dollar London interbank offered rate, the Euro London interbank offered rate or the Japanese Yen London interbank offered rate (each, a "**Specified Rate**"), or is a swap rate which references a swap transaction with a floating leg of a Specified Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Applicable Benchmark announcing that (i) the regulatory supervisor has determined that such Applicable Benchmark is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark is intended to measure and that representativeness will not be restored and (ii) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

(d) if the Relevant Benchmark is SOR, if SOR for a tenor equal to the relevant Interest Period (the "**relevant tenor**") is not published by ABS Benchmarks Administration Co Pte. Ltd. (or any successor administrator) (the "**SOR Administrator**") or an authorised distributor and is not otherwise provided by the SOR Administrator, and as of the day that is two Singapore and London Banking Days (as defined below) preceding the next following Interest Payment Date, the U.S. Dollar London interbank offered rate for the relevant tenor has been permanently discontinued or is Non-Representative (as defined below) and there is either no U.S. Dollar London interbank offered rate which has not been permanently discontinued and which is not Non-Representative for a period which is longer than the relevant tenor or no U.S. Dollar London interbank offered rate which has not been permanently discontinued and which is not Non-Representative for a period which is shorter than the relevant tenor (and for these purposes (x) the U.S. Dollar London interbank offered rate in a particular tenor shall be "**Non-Representative**" if the regulatory supervisor for the administrator of such rate (i) has determined and announced that such rate in such tenor is no longer representative of the underlying market and economic reality that such rate is intended to measure and representativeness will not be restored and (ii) is aware that certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts have been or are engaged, and (y) a "**Singapore and London Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Singapore and London); or

(e) in respect of an Applicable Benchmark which has an Underlying Fallback Rate, a public statement or publication of information by the regulatory supervisor for the administrator of the Underlying Fallback Rate, the central bank for the currency of the Underlying Fallback Rate, an insolvency official with jurisdiction over the administrator for the Underlying Fallback Rate, a resolution authority with jurisdiction over the administrator for the Underlying Fallback Rate or

a court or an entity with similar insolvency or resolution authority over the administrator for the Underlying Fallback Rate, which states that the administrator of the Underlying Fallback Rate has ceased or will cease to provide the Underlying Fallback Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Underlying Fallback Rate (and, for these purposes, an "**Underlying Fallback Rate**" in relation to an Applicable Benchmark shall be such rate (if any) as the Issuer determines is the rate underlying such Applicable Benchmark);

"**Relevant Benchmark**" means, in relation to any Series of Notes:

(a) each Reference Rate, Floating Rate Option or other interest rate, yield, cost of fund or similar rate specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Reference Rate or Floating Rate Option);

(b) each Relevant Rate specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Relevant Rate);

(c) each Index specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Index); or

(d) any other index, benchmark or price source specified in the relevant Pricing Supplement as being applicable to such Notes.

To the extent that any index, benchmark or price source constitutes an Alternative Pre-nominated Index or Replacement Index used pursuant to Condition 11A (*Consequences of a Benchmark Trigger Event*), such index, benchmark or price source, as applicable, shall be a "Relevant Benchmark" from the day on which it is first used;

"**Relevant Benchmark Determination Date**" means, in relation to any Series of Notes and a Relevant Benchmark, a date on which the rate, level or value of such Relevant Benchmark falls to be determined in accordance with the Terms and Conditions of the Notes;

"**Relevant Benchmark Related Payment Date**" means, in relation to any Series of Notes, a Relevant Benchmark and a Relevant Benchmark Determination Date, any payment date under the Notes for which the amount payable is calculated by reference to the Relevant Benchmark as determined on such Relevant Benchmark Determination Date;

"**Relevant Nominating Body**" means, in respect of a Relevant Benchmark:

(a) the central bank for the currency in which the Relevant Benchmark is denominated or any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark; or

(b) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (i) the central bank for the currency in which the Relevant Benchmark is denominated, (ii) any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark, (iii) a group of those central banks or other supervisors or (iv) the Financial Stability Board or any part thereof;

"**Replacement Index**" has the meaning given to it in Condition 11A(b)(ii)(A) (*Consequences of a Benchmark Trigger Event*); and

"**SOR**" means the synthetic rate for deposits in Singapore Dollars known as the Singapore Dollar Swap Offer Rate provided by ABS Benchmarks Administration Co Pte. Ltd., as the administrator of the benchmark (or a successor administrator).

12. Replacement of Notes

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) ("**Replacement Agent**"), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and (except in the case of Notes issued by the Bank) the Guarantor and the Replacement Agent may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders and Modification

Meetings of Holders

13.1 The Issuing and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution of these Terms and Conditions (such Extraordinary Resolution requiring an increased quorum), the Deed of Covenant and (except in the case of Notes issued by the Bank) the Deed of Guarantee insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

In addition, (i) a resolution in writing signed on behalf of all Holders who for the time being are entitled to receive notice of a meeting of Holders or (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Issuing and Paying Agent) by or on behalf of all Holders who for the time being are entitled to receive notice of a meeting of Holders, will, in each case, take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

Modification

13.2 The Issuer and (except in the case of Notes issued by the Bank) the Guarantor may, with the consent of the Issuing and Paying Agent, but without the consent of the Holders of Notes of any Series or the related Coupons (if any), make:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant, the Issuing and Paying Agency Agreement or (except in the case of Notes issued by the Bank) the Deed of Guarantee which is not prejudicial to the interests of the Noteholders; or

(b) any modification of these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant, the Issuing and Paying Agency Agreement or (except in the case of Notes issued by the Bank) the Deed of Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

14. Notices

To Holders of Bearer Notes

14.1 Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified herein or in the Pricing Supplement, be deemed to be validly given if published in a leading daily newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Asia (or, if permitted by the relevant stock exchange, in the case of Notes represented by a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein or, in the case of Notes represented by a Temporary Global Note or a Permanent Global Note which is held in the CMU, if delivered to CMU for communication by them to the persons shown in their respective records as having interests therein. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system or CMU. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition. A copy of each notice given pursuant to this Condition will in any event be delivered to the CMU, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system.

To Holders of Registered Notes

14.2 Notices to Holders of Registered Notes will be deemed to be validly given upon despatch by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

15. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

16. Currency Indemnity

The currency in which the Notes are denominated or, if different, payable, as specified in the Pricing Supplement (the "**Contractual Currency**"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence

granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18. Governing Law and Submission to Jurisdiction

18.1 The Deed of Covenant, the Issuing and Paying Agency Agreement, the Dealership Agreement, any Deed of Adherence, any New Deed of Covenant and any Deed of Guarantee (together, the "**Transaction Documents**"), the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Transaction Documents and/or the Notes, the Coupons and the Talons are governed by, and construed in accordance with, English law.

18.2 If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Offering Circular or each agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of a particular jurisdiction, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof (including without limitation any non-contractual obligations).

18.3 Subject to Condition 18.5 below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Transaction Documents and the Notes, and/or the Coupons and the Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Transaction Documents, the Notes and/or the Coupons and the Talons (a "**Dispute**") and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

18.4 For the purposes of Conditions 18.3 to 18.5, the Issuer waives, and the Guarantor will waive in the Deed of Guarantee, any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

18.5 To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.6 The Issuer irrevocably appoints, and the Guarantor will agree in the Deed of Guarantee to appoint, HSBC Holdings plc at 8 Canada Square, London E14 5HQ as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and the Issuer and the Guarantor, as the case may be, agrees that, in the event of HSBC Holdings plc being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19. Right of Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

USE OF PROCEEDS

It is intended that the net proceeds of the issue of each Tranche of Notes will be used to develop and expand the business of the Bank Group and for general financing purposes, as may be further specified in the relevant Pricing Supplement.

CAPITALISATION

The following table sets forth the Bank Group's capitalisation and indebtedness as at 31 December 2023. For additional information, see the Bank Group's audited consolidated financial statements and notes thereto incorporated by reference into this Offering Circular.

This table should be read in conjunction with the audited consolidated financial statements of the Bank Group for the year ended 31 December 2023 and related notes thereto incorporated by reference into this Offering Circular.

	At 31 December 2023 *(audited)* *(HKD in millions)*
Total liabilities	9,627,807
Equity	
Share capital	180,181
Other equity instruments	52,465
Other reserves	117,214
Retained earnings	462,866
Total shareholders' equity	812,726
Non-controlling interests	59,860
Total equity	872,586
Total capitalisation and indebtedness[1]	10,500,393

1 Total capitalisation and indebtedness equals the sum of total liabilities and total equity.

Unless otherwise disclosed in this Offering Circular, there has not been any material adverse change in the Bank Group's capitalisation and indebtedness since 31 December 2023.

THE BANK GROUP

Incorporation and Business

On 14 August 1866, "The Hongkong and Shanghai Banking Corporation" was established with limited liability in the Hong Kong Special Administrative Region (the "**Hong Kong SAR**") by The Hongkong and Shanghai Bank Ordinance 1866, as subsequently amended by The Hongkong and Shanghai Banking Corporation Limited Ordinance (Cap. 70) of Hong Kong (the "**Ordinance**"). On 6 October 1989, it was registered under the name of "The Hongkong and Shanghai Banking Corporation Limited" pursuant to Part IX of the then Companies Ordinance (Cap. 32) of Hong Kong, which is now Part 17 of the Companies Ordinance (Cap. 622) of Hong Kong. On 6 June 1997, Memorandum and Articles of Association (the "**M&A**") were adopted, replacing the Ordinance in part and superseding The Hongkong and Shanghai Bank Regulations (Cap. 70A) of Hong Kong which formerly were the constitutive documents of the Bank. Subsequently, a new set of Articles of Association was adopted in substitution for and to the exclusion of the M&A on 19 May 2014. Its registered and head office is situated at 1 Queen's Road Central, Hong Kong. Its business registration number is 00173611.

Established in Hong Kong and Shanghai in 1865, The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group — one of the world's largest banking and financial services organisations. It is the largest bank incorporated in Hong Kong and one of Hong Kong's three note-issuing banks. It is a wholly-owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group, which has an international network covering: Europe, Asia, Middle East and North Africa, North America and Latin America.

Directors and Secretary

As of the date of this Offering Circular, the Directors and Secretary of the Bank are set out below.

Names of Directors

Dr Peter Tung Shun WONG[#], GBS, JP, *Chairman*
David Gordon ELDON[#], GBS, CBE, JP, *Deputy Chairman*
David Yi Chien LIAO, *Co-Chief Executive Officer*
Surendranath Ravi ROSHA, *Co-Chief Executive Officer*
Paul Jeremy BROUGH*
Edward Wai Sun CHENG*, GBS, JP
Sonia Chi Man CHENG*
Yiu Kwan CHOI*
Andrea Lisa DELLA MATTEA*
Pam KAUR[#]
Rajnish KUMAR*
Beau Khoon Chen KUOK*
Irene Yun-lien LEE*
Annabelle Yu LONG*
Kevin Anthony WESTLEY*, BBS

* *independent non-executive Director*
\# *non-executive Director*

Name of Secretary

Paul Stafford, FCG HKFCG

Main Subsidiaries

The main subsidiaries of the Bank as at 31 December 2023 are:

Name	Place of Incorporation	Principal activity	The Bank Group's interest in issued share capital/registered or charter capital (per cent.)
Hang Seng Bank Limited[1]	Hong Kong	Banking	62.14
HSBC Bank (China) Company Limited	mainland China	Banking	100
HSBC Bank Malaysia Berhad	Malaysia	Banking	100
HSBC Bank Australia Limited[2]	Australia	Banking	100
HSBC Bank (Taiwan) Limited[2]	Taiwan	Banking	100
HSBC Bank (Singapore) Limited	Singapore	Banking	100
HSBC Life (International) Limited[2]	Bermuda	Retirement benefits and life insurance	100

Note:

1 In addition to the strategic holding disclosed above, the Bank and its subsidiaries held 0.09% shareholding as part of its trading books.

2 Held indirectly.

The principal places of business are the same as the places of incorporation except for HSBC Life (International) Limited which operates mainly in Hong Kong.

Share capital

The following shows the share capital of the Bank Group as at 31 December 2023:

The issued and fully paid up ordinary share capital of the Bank was HK$180,181 million, comprising 49,579,391,798 ordinary shares, which included HK$123,949 million paid up in HK$ and HK$56,232 million paid up in U.S.$. The paid up share capital in U.S.$ represents preference shares which were redeemed or bought back via payment out of distributable profits and for which the amount was transferred from retained earnings to share capital in accordance with the requirements of the Companies Ordinance (Cap. 622) of Hong Kong.

Total shareholders' equity

The total shareholders' equity of the Bank Group as at 31 December 2023 was HK$812,726 million comprising HK$180,181 million of share capital, HK$52,465 million of other equity instruments, HK$117,214 million of other reserves and HK$462,866 million of retained earnings.

Subordinated liabilities

The Bank Group had no subordinated liabilities issued to third parties measured at amortised cost as at 31 December 2023. Subordinated liabilities of the Bank Group issued to third parties measured at amortised cost, as at 31 December 2022, consisted of undated floating rate primary capital notes. Subordinated liabilities issued to group entities are not included in the below.

	2023	**2022**
	HK$m	*HK$m*
Subordinated liabilities	—	3,119

Debt Securities in Issue

The debt securities in issue of the Bank Group measured at amortised cost as at 31 December 2023 were HK$87,745 million.

The Bank has announced its financial results as of and for the year ended 31 December 2023 on 21 February 2024 in a news release headed "THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED 2023 CONSOLIDATED RESULTS — HIGHLIGHTS" (the "**Highlights**"), which is available for review at the following hyperlink: http://www.about.hsbc.com.hk/news-and-media. For further information on the consolidated capitalisation of the Bank Group, please refer to page 6 of the Highlights. Any information appearing on such website does not form part of this Offering Circular.

TAXATION

The statements below regarding taxation are based on relevant law and practice at the date of this Offering Circular and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising on the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

1.1 Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation, other than a financial institution, carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

1.2 Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, an authorized institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no prospectus involving the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Notes by the Bank is expected to constitute a deposit to which the above exemption from payment will apply.

1.3 Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax.

1.4 Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

1.5 In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty in respect of the Notes

Bearer Notes

Stamp duty will not be payable on the issue of Bearer Notes **provided that** either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "**SDO**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

Registered Notes

No stamp duty is payable on the issue of Registered Notes.

Hong Kong stamp duty will be payable on the sale and purchase of the Registered Notes (including change in the beneficial ownership of such Registered Notes) in the event that there is (a) an Issuer buyback/unwind or (b) a transfer of beneficial interest from the Noteholder to a third party purchaser as defined by the SDO. In addition, stamp duty is payable at the prescribed rate on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

The Registered Notes may be held by a common nominee of Euroclear and/or Clearstream, Luxembourg on behalf of Noteholders. Under the common nominee structure, sale and purchase of the Registered Notes through Euroclear and/or Clearstream, Luxembourg would not involve a transfer of the legal title to the Registered Notes. However, change in beneficial ownership of the Registered Notes will be liable to the stamp duty. The purchaser and seller of the Registered Notes will be solely liable and will have to make their own individual arrangements to report and timely pay such stamp duty to the Hong Kong government treasury.

Stamp duty will, however, not be payable on any transfer of Registered Notes **provided that** either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

On physical settlement of the Notes

If settlement of the Notes involves physical delivery of any underlying assets or securities, all due stamp duty, transfer taxes and similar duties, including financial transaction taxes, will be payable and have to be borne by the investor/Noteholder. The investor should make due arrangements to pay such stamp/transfer/registration/similar duties within the prescribed due date to the appropriate authorities as prescribed by the applicable laws. For example, where the underlying security is Hong Kong stock (as defined in the SDO), the investor will be responsible and liable to report and pay the Hong Kong purchase stamp duty as prescribed by the SDO.

Singapore

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and the Monetary Authority of Singapore (the "**MAS**") in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. It should be noted that as of the date of this Offering Circular, the Income Tax (Qualifying Debt Securities) Regulations have not been amended to reflect the amendments made to the Income Tax Act 1947 (the "**ITA**") in respect of the qualifying debt securities scheme pursuant to the Income Tax (Amendment) Act 2023. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the issue of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

*In addition, if Notes are issued as perpetual securities, the disclosure below is made on the assumption that the IRAS regards such tranche of perpetual Notes as "debt securities" for the purposes of the ITA and that interest payments made under each tranche of such perpetual Notes will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available to qualifying debt securities, **provided that** the other conditions for the Qualifying Debt Securities scheme are satisfied. If any tranche of such perpetual Notes is not regarded as "debt securities" for the purposes of the ITA, or any distribution payment made under any tranche of the Notes is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of such perpetual Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of perpetual Notes.*

The disclosure in paragraphs 1 to 5 below summarises the income tax treatment currently applicable where the Issuer is The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch or any other entity which is resident in Singapore for the purposes of the ITA.

1 Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 24 per cent. starting from Year of Assessment 2024 (i.e. calendar year 2023). However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium from debt securities, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

2 Withholding Tax Exemption on Payments by (amongst others) Licensed Banks

Payments falling within Section 12(6) of the ITA and made by (amongst certain other persons) licensed banks in Singapore to persons who are non-Singapore tax-residents (other than permanent establishments in Singapore):

(a) between 1 April 2011 and 31 December 2026; or

(b) on a contract which takes effect between 1 April 2011 and 31 December 2026,

will be exempt from tax, provided the payments are made for the purposes of the licensed bank's business in Singapore and the payments do not arise from a transaction to which the general anti-avoidance provisions in Section 33 of the ITA applies.

With effect from 21 February 2014, (amongst certain other persons) licensed banks are no longer required to withhold tax on payments falling within Section 12(6) of the ITA which they are liable to make to permanent establishments in Singapore of a non-resident person, as withholding tax on payments to Singapore branches is exempted under the ITA.

Notwithstanding the immediate preceding paragraph, permanent establishments in Singapore of a non-resident person are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

3 Qualifying Debt Securities Scheme

Where more than half of the Notes issued under a tranche of the Programme are distributed by Specified Licensed Entities, such tranche of Notes (the "**Relevant Notes**") issued as debt securities under the Programme up to 31 December 2028 would be "qualifying debt securities" pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations.

The following treatments shall apply to qualifying debt securities:

(i) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, early redemption fee or redemption premium from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent

establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant financial sector incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, early redemption fee or redemption premium derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**early redemption fee**" and "**redemption premium**" are defined in the ITA as follows:

(a) "**early redemption fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities; and

(b) "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity or on the early redemption of the securities.

References to "early redemption fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The term "**Specified Licensed Entity**" means any of the following persons:

(a) a bank or merchant bank licensed under the Banking Act 1970 of Singapore;

(b) a finance company licensed under the Finance Companies Act 1967 of Singapore;

(c) a person who holds a capital markets services licence under the Securities and Futures Act 2001 to carry on a business in any of the following regulated activities: (i) advising on corporate finance; (ii) dealing in capital markets products; or

(d) such other person as may be prescribed by rules made under Section 7 of the ITA.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

4 Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 ("**FRS 39**"), Singapore Financial Reporting Standards 109 ("**FRS 109**") or Singapore Financial Reporting Standards (International) 9 ("**SFRS(I) 9**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

5 Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "**opt-out**" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued the e-Tax Guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-Tax Guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

6 Income Tax on Gains Received in Singapore from the Sale or Disposal of Foreign Assets

Under section 10L of the ITA, gains received in Singapore from the sale or disposal by an entity of a relevant group of any foreign asset (i.e. any movable or immovable property situated outside Singapore at the time of such sale or disposal or any rights or interest thereof) is treated as income chargeable to tax. Section 10L applies to sales or disposals that occur on or after 1 January 2024. Under this section, debt securities issued by a company that is incorporated outside Singapore would likely be considered as "foreign assets".

Broadly, a seller entity would be a member of a "relevant group" if (a) its assets, liabilities, income, expenses and cash flows (i) are included in the consolidated financial statements of the parent entity of the group, or (ii) are excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale, and (b) the entities of the group are not all incorporated in a single jurisdiction or any entity of the group has a place of business in more than one jurisdiction.

There are certain exclusions in this regard. The taxation of such gains would not apply to a sale or disposal that is:

(A) carried out as part of, or incidental to, the business of a "prescribed financial institution", which includes licensed banks, licensed finance companies and holders of a capital markets services licence;

(B) carried out as part of, or incidental to, the relevant business activities or operations of an entity enjoying certain tax incentives, such as the financial sector incentive; or

(C) carried out by an excluded entity that has adequate economic substance in Singapore (as defined and provided for under section 10L of the ITA).

The IRAS has also issued an e-tax guide titled "Income Tax: Tax Treatment of Gains or Losses from the Sale of Foreign Assets".

Holders of the Notes who may be subject to the tax treatment under section 10L of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their sale or disposal of the Notes.

7 Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

EU financial transaction tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's Proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) (the "**participating Member States**"). However, Estonia has since stated it will not participate.

The Commission's Proposal could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), commonly known as the Foreign Account Tax Compliance Act ("**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. In addition, payments that are treated as "dividend equivalent payments" pursuant to Section 871(m) of the Code (discussed below) may also be subject to withholding pursuant to FATCA if the recipient fails to meet the requirements discussed above. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term generally would be "grandfathered" for purposes of FATCA withholding (i) in respect of Notes that give rise solely to foreign passthru payments, if issued on or prior to the date that is six months after the date on which final Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (ii) in respect of Notes that give rise to a dividend equivalent pursuant to Section 871(m) of the Code and the Treasury regulations promulgated thereunder, if issued on or prior to the date that is six months after the date on which obligations of its type are first treated as giving rise to dividend equivalents, in each case unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions — Further Issues*") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the Notes in the series, including grandfathered Notes, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, none of the Issuer, the Arranger nor the Dealers or any other person involved in the Programme will be required to pay additional amounts as a result of the withholding.

U.S. Dividend Equivalent Payment Withholding

Section 871(m) of the Code treats a "dividend equivalent" payment as a dividend from sources within the United States and will subject a "dividend equivalent" payment to a 30 per cent. U.S. withholding tax. A "dividend equivalent" payment generally includes (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the Treasury Department to be substantially similar to a payment described in (i) or (ii). Final U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of the Notes with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Note's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Note a "**Specified Note**").

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Note or upon the date of maturity, lapse or other disposition by the holder of the Specified Note. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Note, withholding generally will still be required even if the Specified Note does not provide for payments explicitly linked to dividends. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Pursuant to recent Internal Revenue Service ("**IRS**") guidance, the Section 871(m) Regulations will not apply to certain financial instruments issued prior to 1 January 2025 if such financial instruments are not "delta one" transactions. With respect to financial instruments issued on or after 1 January 2025, a financial instrument will be a Specified Note subject to Section 871(m) if such instrument has a "delta" of 0.8 or greater with respect to an underlying security. However, the Section 871(m) regulations provide certain broadly applicable exceptions to characterisation as Specified Notes, in particular for certain instruments linked to certain broad-based indices. The "delta" of a financial instrument is the ratio of the change in the fair market value of such instrument to the change in the fair market value of the property referenced by such instrument. If the terms of a Note are subject to a "significant modification" such that the Note is treated as retired and reissued for U.S. federal income tax purposes, it could lose its "grandfathered" status and might

become a Specified Note issued on the modification date based on economic conditions in effect at that time. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Notes are Specified Notes as the date of such subsequent sale or issuance. Consequently, a previously out of scope Note might be treated as a Specified Note following such further issuance.

As discussed above, FATCA would impose withholding tax at a rate of 30 per cent. on any payments in respect of a Note that are treated as dividend equivalent payments when paid to persons that fail to meet certain certification, reporting, or related requirements. While a payment with respect to a Note could be subject to U.S. withholding under both FATCA and as a result of being treated as a dividend equivalent payment, the maximum rate of U.S. withholding on such payment would not exceed 30 per cent.

Upon the issuance of a series of Notes, the Issuer will state in the applicable Pricing Supplement if it has determined that they are Specified Notes, in which case a holder of the Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Issuer's determination is binding on holders of the Notes, but it is not binding on the IRS. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Notes in respect of any dividend equivalent arising with respect to such Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a Noteholder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A Noteholder may be able to claim a credit against its U.S. federal income tax liability for such withholding and may be entitled to a refund of any excess withholding provided the required information is timely furnished to the IRS. However, Noteholders may not receive the necessary information to properly claim a refund.

The Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Notes may be uncertain. Prospective investors should consult their tax advisers on the potential application of Section 871(m) to the Notes.

PRO FORMA PRICING SUPPLEMENT

THE NOTES TO WHICH THIS PRICING SUPPLEMENT RELATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Pricing Supplement dated [●]

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

as [*Issuer*] [*Guarantor*]
(the "[**Issuer**] [**Guarantor**]")

and

[[NAME OF NEW ISSUER]

as Issuer
(the "*Issuer**")]

U.S.$20,000,000,000

Medium Term Note Programme
(the "Programme")

Issue of

[●]
(the "**Notes**")

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Offering Circular dated 15 March 2024 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[This Pricing Supplement is for distribution to "Professional Investors" (as defined in Chapter 37 of the Rules Governing of Listing Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer [and the Guarantor] confirm[s] that the Notes are intended for purchase by Professional Investors only [and will be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis]. Accordingly, the Issuer [and the Guarantor] confirm[s] that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, or the Issuer [**and Guarantor**] **or its subsidiaries (the [Issuer/Guarantor] and its subsidiaries together, the "Bank Group"), or quality of disclosure in this document**. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular [and Supplemental Offering Circular], includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Issuer [and the Guarantor] and the Bank Group. The Issuer [and the Guarantor] accept[s] full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.][1]

[This Pricing Supplement is for distribution to "professional investors" (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) only.

Notice to Hong Kong investors: The Issuer [and the Guarantor] confirm[s] that the Notes are intended for purchase by "professional investors" (as defined in the SFO) only. Accordingly, the Issuer [and the Guarantor] confirm[s] that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.][2]

[**MiFID II product governance/Professional investors and ECPs only target market** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][3]

[**UK MiFIR product governance/Professional investors and ECPs only target market** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][4]

[**PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by

---

1 *Applicable for Notes to be listed on the Hong Kong Stock Exchange only.*

2 *Applicable for Notes that are not to be listed on the Hong Kong Stock Exchange and are "structured products" (as defined in the SFO) only.*

3 *Applicable for issuances involving one or more EU MiFID firm manufacturers.*

4 *Applicable for issuances involving one or more UK MiFIR firm manufacturers.*

Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][5]

[**UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][6]

[**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 (as modified or amended from time to time, the "**SFA**") and the Securities and Futures Act (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)] [*For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.*]

[**IMPORTANT NOTICE TO PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT** — Prospective investors should be aware that certain intermediaries in the context of this offering of Notes, including [the Dealer is/certain Managers are] "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, [the Guarantor,] a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, [the Guarantor,] the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private

---

5 *To be included for issuances when sales to EEA retail investors are prohibited.*

6 *To be included for issuances when sales to UK retail investors are prohibited.*

banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] If a prospective investor is an asset management arm affiliated with [the Dealer/any Manager], such prospective investor should indicate when placing an order if it is for a fund or portfolio where the [Dealer/Manager] or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with [the Dealer/any Manager], such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the [Dealer/relevant Manager] when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the [Dealer/Managers] and/or any other third parties as may be required by the SFC Code, including to the Issuer, [the Guarantor,] any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS) PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT — This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, [the Guarantor,] a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, [the Guarantor,] the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer [, the Guarantor] or any CMI (including its group companies) and inform the [Dealer/Managers] accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes [institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals], in each case, subject to the selling restrictions [and any MiFID II product governance language or any UK MiFIR product governance language] set out in the Offering Circular and/or this Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes. [CMIs are informed that a private bank rebate is payable as stated above.]

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, [the Dealer/those Managers] in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated [Dealer/Manager(s)] (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order [and will result in that private bank not being entitled to, and not being paid, any rebate].

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the [Dealer/Managers] named in this Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, [the Guarantor,] relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The [Dealer/Managers] may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the [Dealer/relevant Manager] with such evidence within the timeline requested.

[By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the [Dealer/Managers] that it is not a Sanctions Restricted Person. A "**Sanctions Restricted Person**" means an individual or entity (a "**Person**"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions

administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "**SSI List**"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being listed in the most current Non-SDN Chinese Military-Industrial Complex Companies List (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ccmc/nscmiclist.pdf); (vi) them being listed in the most current Non-SDN Menu-Based Sanctions List (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/mbs/mbslist.pdf) or (vii) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "**Sanctions Authority**" means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.]][8]

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [*original date*] [and the Supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions [which are extracted] from the Offering Circular dated [*original date*] [and are attached hereto.]]

[Where interest, discount income, early redemption fee or redemption premium is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.][9]

[*Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the nominal amount per Note (in the case of Notes issued as Units) and the minimum denomination (in the case of Notes not issued as Units) may need to be £100,000 or its equivalent in any other currency.*][10]

---

8 *Relevant for SFC Code of Conduct Paragraph 21 in-scope trades: To include when issuances involve in-scope bookbuilding and placing activities conducted by persons licensed or registered with the SFC in Hong Kong.*

9 *This language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act 1947 of Singapore and must be included if this is the case. In particular, the Qualifying Debt Securities status should be considered whenever there are Singapore banks involved in distributing the Notes, as this status accords certain Singapore tax benefits to Noteholders.*

10 *Include this if the New Issuer (if the New Issuer is not an authorised person permitted to accept deposits under the Financial Services and Markets Act 2000 (the "**FSMA**") or is exempt under the FSMA) is the Issuer and the issue proceeds are received by the Issuer in the United Kingdom.*

1.	[(i)]	Issuer:	[The Hongkong and Shanghai Banking Corporation Limited[, acting through its principal office in Hong Kong]/[acting through its Specified Branch]] [Name of New Issuer][11]
	[(ii)	Specified Branch:	[Singapore (located at 10 Marina Boulevard, #45-01 Marina Bay Financial Centre Tower 2, Singapore 018983)/*specify*]]
	[(iii)	Guarantor:	[The Hongkong and Shanghai Banking Corporation Limited]]
2.	(i)	Series Number:	[ ]
	[(ii)	Tranche Number:	[ ]]
	[(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [31] below, which is expected to occur on or about [*date*]] [Not applicable]]
3.	Currency or Currencies: (Condition 1.10)		[ ]
4.	Aggregate Nominal Amount:		[ ]
	[(i)]	Series:	[ ]
	[(ii)	Tranche	[ ]
5.	[(i)]	Issue Price:	[ ]/[[ ] per cent. of the Aggregate Nominal Amount] [(which comprises [ ] per cent. per annum discount rate and [ ] per cent. per annum option premium rate, each of the Aggregate Nominal Amount)] [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)	Net proceeds:	[ ] (Required only for listed issues)]
6.	(a)	Issued as Units:	[Yes] [No]
	(b)	Denomination(s): (Condition 1.8 or 1.9)	[ ] [Not applicable] (*This is only applicable if the Notes are not issued as Units*) (*N.B. Notes must have a minimum denomination of £100,000 (or equivalent) unless the issue of Notes is (i) NOT admitted to trading on a European Economic Area or United Kingdom exchange; and (ii) only offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is not required to be published under the Prospectus Regulation*) (*Note — where multiple denominations above [U.S.$200,000] or equivalent are being used the following sample wording should be followed*: *"[U.S.$200,000] and integral multiples of [U.S.$1,000] in excess thereof up to and including [U.S.$399,000]. No Notes in definitive form will be issued with a denomination above [U.S. $399,000].*") (*In the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)

[11] *The proceeds of each issue of Notes by the New Issuer must either be received by the Issuer from an authorized institution (as defined in the Banking Ordinance of Hong Kong) or a bank incorporated outside Hong Kong which is not an authorized institution (as so defined) or otherwise in compliance with the Banking Ordinance of Hong Kong.*

	[(c) Nominal Amount per Note: (Condition 1.10)	[ ] (*This is only relevant for Notes issued as Units.*)]
	[(d) Number of Notes:	[ ] (*This is only relevant for Notes issued as Units.*)]
	[(e) Calculation Amount:	[ ] (*In the case of Notes issued as Units, insert the Nominal Amount.*) (*If only one Denomination, insert the Denomination. If more than one Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Denominations.*)]
7.	[(i)] Issue Date:	[ ]
	[(ii) Interest Commencement Date (if different from the Issue Date): (Condition 4.8)	[ ] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.	Maturity Date: (Condition 5.1)	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*] [In relation to Notes issued by a New Issuer (if the New Issuer is not an authorised person permitted to accept deposits under the FSMA or is exempt under the FSMA), if the issue proceeds are received by the Issuer in the United Kingdom and the Maturity Date is earlier than the first anniversary of the Issue Date, the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and the Notes may not be transferred unless the redemption value of each Note is not less than £100,000 (or such an equivalent amount), and be sold only to "professional investors" (or another applicable exemption from Section 19 of the Financial Services and Markets Act 2000 must be available).]
9.	Interest Basis: (Condition 4)	[[ ] per cent. Fixed Rate] [[*specify reference rate*] +/-[ ] per cent. Floating Rate] [Zero Coupon] [Equity-Linked Interest] [Fund-Linked Interest] [Index-Linked Interest] [Other (*specify*)] [See Annex] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Equity-Linked Redemption] [Fund-Linked Redemption] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Other (*specify*)] [See Annex]

11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*] [Not applicable]
12.	Put/Call Options: (Condition 5.4 and 5.7)	[Investor Put] [Issuer Call] [(further particulars specified below)] [Not applicable]
13.	[Date [Board] approval for issuance of Notes [and Guarantee] obtained:	[Applicable/Not applicable] [and [ ] respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
14.	Listing:	[Hong Kong Stock Exchange/other (*specify*)/None] (*for Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Rate[(s)]: (Condition 4.12)	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s): (Condition 4.12)	[ ] in each year [up to and including the Maturity Date (Amend in the case of irregular coupons)]
	(iii) Fixed Coupon Amount[(s)]: (*Applicable to Notes in definitive form.*)	[ ] per Calculation Amount
	(iv) Broken Amount(s): (*Applicable to Notes in definitive form.*)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not applicable]
	(v) Day Count Fraction: (Condition 4.12)	[ ]
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not applicable/*give details*] (*Consider if day count fraction, particularly for euro denominated issues, should be on an Actual/Actual basis*)
17.	**Floating Rate Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURIBOR is the appropriate reference rate in respect of euro denominated issues*)
	(i) [Interest Period(s)/Interest Payment Dates:] (Condition 4.12)	[*Specify Interest Payment Dates unless the Applicable Business Day Convention in respect of such dates is the FRN Convention, in which case specify a number of months*]
	(ii) Interest Period End Dates: (Condition 4.12)	[*Specify, when the Applicable Business Day Convention in respect of such dates is the FRN Convention*]

(iii)	Interest Accrual Period: (Condition 4.12)	[*Specify a number of months, if the Applicable Business Day Convention in respect of Interest Period End Dates is the FRN Convention*]
(iv)	Applicable Business Day Convention: (Condition 4.12)	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(v)	Business Days: (Condition 4.12)	[*Specify any additional/substitute places or days*]
(vi)	Manner in which the Interest Rate(s) is/are to be determined:	[Screen Rate Determination/other (*give details*)]
(vii)	Calculation Agent: (Condition 4.12)	[Name and specified office, if not the Issuing and Paying Agent]
(viii)	Screen Rate Determination for Floating Rate Notes not referencing SONIA, SOFR, €STR, SORA or TONA (Condition 4.3):	[Applicable] [Not applicable]
	— Reference Rate:	[[ ] months] [*specify rate*]
	— Interest Determination Date(s): (Condition 4.12)	[ ]
	— Relevant Screen Page: (Condition 4.12)	[ ]
	— Relevant Time: (Condition 4.12)	[ ]
	— Relevant Market: (Condition 4.12)	[ ]
	— Relevant Currency: (Condition 4.12)	[ ]
	— Alternative Pre-nominated Index: (Condition 11A)	[ ] [*specify alternative pre-nominated Index details*] [Not applicable]
(ix)	ISDA Determination (Condition 4.4A):	[Applicable] [Not applicable]
	— ISDA Definitions: (Condition 4.4A)	2021 ISDA Definitions
	— Floating Rate Option: (Condition 4.4A)	[ ] [CHF-SARON] [EUR-EURIBOR] [EUR-EuroSTR] [EUR-EuroSTR Compounded Index] [GBP-SONIA] [GBP-SONIA Compounded Index] [HKD-HONIA] [JPY-TONA] [USD-SOFR] [USD-SOFR Compounded Index] (*The Floating Rate Option should be selected from one of: CHF-SARON/EUR-EURIBOR/EUR-EuroSTR/EUR-EuroSTR Compounded Index/GBP-SONIA/GBP-SONIA Compounded Index/HKD-HONIA/JPY-TONA/USD-SOFR/USD-SOFR Compounded Index (as defined in the ISDA Definitions). These are the only options envisaged by the terms and conditions.*)[12]
	— Designated Maturity: (Condition 4.4A)	[ ] (*Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate*)

[12] *If another Floating Rate Option is specified, then amendments to the terms and conditions may be required and additional items may need to be specified in the Pricing Supplement.*

— Reset Date: (Condition 4.4A)	[ ] [as specified in the ISDA Definitions] [the first day of the relevant Interest Period]
— Compounding: (Condition 4.4A)	[Applicable] [Not applicable]
— Compounding Method:	[Compounding with Lookback Lookback: [ ] Applicable Business Days] [Compounding with Observation Period Shift Observation Period Shift: [ ] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [ ] [Not applicable]] [Compounding with Lockout Lockout: [ ] Lockout Period Business Days Lockout Period Business Days: [ ]/Applicable Business Days]]
— Averaging: (Condition 4.4A)	[Applicable] [Not applicable]
— Averaging Method:	[Averaging with Lookback Lookback: [ ] Applicable Business Days] [Averaging with Observation Period Shift Observation Period Shift: [ ] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [ ] [Not applicable]] [Averaging with Lockout Lockout: [ ] Lockout Period Business Days Lockout Period Business Days: [ ]/Applicable Business Days]
— Index Provisions: (Condition 4.4A)	[Applicable] [Not applicable]
— Index Method:	Compounding Index Method with Observation Period Shift Observation Period Shift: [ ] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [ ] [Not applicable]
— Applicable Benchmark: (Condition 4.4A)	[ ] [Not applicable]
— Fixing Day: (Condition 4.4A)	[ ] [Not applicable]
— Fixing Time: (Condition 4.4A)	[ ] [Not applicable]
— Any other terms relating to the ISDA Determination: (Condition 4.4A)	[ ] [Not applicable]
— Alternative Pre-nominated Index: (Condition 11A)	[ ] [*specify alternative pre-nominated Index details*] [Not applicable]

(x)	Screen Rate Determination for Floating Rate Notes referencing SONIA, SOFR, €STR, SORA or TONA (Condition 4.4B)	[Applicable] [Not applicable]
	— Reference Rate: (Condition 4.4B)	[SONIA] [SOFR] [€STR] [SORA] [TONA]
	— Relevant Screen Page: (Condition 4.4C)	[ ] [Not applicable] — *This is only required if SONIA is the Reference Rate*
	— Interest Determination Date(s): (Condition 4.4B)	[ ] [[ ] [prior to the [The] [first] day of each Interest Accrual Period]] [The [second] [ ] [Business Day] [ ] falling prior to Interest Payment Date] [Each Interest Payment Date, provided that in respect of the final Interest Accrual Period, the Interest Determination Date shall be the [second] [ ] [Business Day] [ ] falling prior to Interest Payment Date ([not] taking into account any adjustment made pursuant to Condition 8 (Payments)) — use for Payment Delay only]
	— Determination Method: (Condition 4.4B)	[Compound Daily Rate] [Weighted Average Rate]
	— Observation Method: (Condition 4.4B)	[Observation Shift] [Lag] [Lock-Out] [Payment Delay]
	— "Y": (Condition 4.4B)	[360 — *likely to be specified for USD*] [365 — *likely to be specified for GBP*] [ ]
	— "p": (Condition 4.4B)	[*Specify if Observation Shift (Standard Shift) or Lag are applicable*] [Not applicable]
	— ARRC Fallbacks: (Condition 4.4B)	[Applicable] [Not applicable] — *May be applicable if SOFR is the Reference Rate only*
	— Effective Interest Payment Dates: (Condition 4.4B)	[In respect of each Interest Accrual Period other than the final Interest Accrual Period, the date falling [two] [ ] [Business Days] [ ] following the Interest Payment Date, and in respect of the final Interest Accrual Period, the Maturity Date or redemption date (as applicable) of the Notes. — *include if Payment Delay is specified*] [Not applicable]
	— Alternative Pre-nominated Index: (Condition 4.4B)	[ ] [*specify Alternative Pre-nominated Index details*] [Not applicable]
(xi)	Linear Interpolation:	[Not applicable] [Applicable — the Interest Rate for the Interest Accrual Period ending on the Interest Payment Date falling in [ ] shall be calculated using Linear Interpolation
(xii)	Relevant Margin(s): (Condition 4.12)	[+/-][ ] per cent. per annum

(xiii)	Minimum Interest Rate: (Condition 4.7)	[ ] per cent. per annum
(xiv)	Maximum Interest Rate: (Condition 4.7)	[ ] per cent. per annum
(xv)	Day Count Fraction: (Condition 4.12)	[ ]
(xvi)	Reference Banks: (Condition 4.12)	[*Specify if necessary*] [ ]
(xvii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
18.	**Zero Coupon Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Amortisation Yield: (Condition 4.11)	[ ] per cent. per annum
(ii)	Day Count Fraction: (Condition 4.12)	[ ]
(iii)	Rate of interest on Overdue Amounts: (Condition 4.11)	[*Specify, if not the Amortisation Yield*]
(iv)	Any other formula/basis of determining amount payable:	[ ]
19.	**Equity-Linked Interest Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Formula:	[*give or annex details — if appropriate, cross-refer to the definition of Valuation Date in paragraph [44] below*]
(ii)	Provisions for determining interest where calculated by reference to Equity and/or formula:	[ ]
(iii)	Provisions for determining interest where calculation by reference to Equity and/or formula is impossible or impracticable or otherwise disrupted:	[ ] [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(iv)	Interest Period(s): (Condition 4.12)	[ ]
(v)	Interest Payment Dates: (Condition 4.12)	[ ]
(vi)	Business Day Convention: (Condition 4.12)	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(vii)	Minimum Interest Rate: (Condition 4.7)	[[ ] per cent. [per annum]]
(viii)	Maximum Interest Rate: (Condition 4.7)	[[ ] per cent. [per annum]]
(ix)	Day Count Fraction: (Condition 4.12)	[ ]

20.	**Fund-Linked Interest Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Formula:	[*give or annex details — if appropriate, cross-refer to the definition of Valuation Date in paragraph [44] below*]
	(ii) Provisions for determining interest where calculated by reference to Reference Fund and/or formula:	[ ]
	(iii) Provisions for determining interest where calculation by reference to Reference Fund and/or formula is impossible or impracticable or otherwise disrupted:	[ ] [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(iv) Interest Period(s): (Condition 4.12)	[ ]
	(v) Interest Payment Dates: (Condition 4.12)	[ ]
	(vi) Applicable Business Day Convention: (Condition 4.12)	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vii) Minimum Interest Rate: (Condition 4.7)	[[ ] per cent. [per annum]]
	(viii) Maximum Interest Rate: (Condition 4.7)	[[ ] per cent. [per annum]]
	(ix) Day Count Fraction: (Condition 4.12)	[ ]
21.	**Index-Linked Interest Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Index/Formula:	[*give or annex details*]
	(ii) Calculation Agent: (Condition 4.12)	[*Name and specified office, if not the Issuing and Paying Agent*]
	(iii) Party responsible for calculating the Interest Rate (if not the Calculation Agent) and Interest Amount (if not the Calculation Agent):	[ ]
	(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
	(v) Interest Period(s)/Interest Payment Dates: (Condition 4.12)	[*Specify Interest Payment Dates unless the Applicable Business Day Convention in respect of such dates is the FRN Convention, in which case specify a number of months*]
	(vi) Applicable Business Day Convention: (Condition 4.12)	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vii) Additional Business Days: (Condition 4.12)	[*Specify any additional/substitute places or days*]
	(viii) Minimum Interest Rate: (Condition 4.7)	[ ] per cent. per annum

(ix)	Maximum Interest Rate: (Condition 4.7)	[ ] per cent. per annum
(x)	Day Count Fraction: (Condition 4.12)	[ ]
22.	**Dual Currency Interest Note Provisions**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Rate of exchange/method of calculating rate of exchange:	[*give or annex details*]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): (Condition 4.12)	[*Name and specified office, if not the Issuing and Paying Agent*]
(iii)	Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: and adjustment provisions	[*need to include a description of market disruption or settlement disruption events*]
(iv)	Person at whose option specified currency(ies) is/are payable:	[ ]
(v)	Rate of interest on Overdue Amounts: (Condition 4.8)	[*Specify, if different from the Interest Rate*]

PROVISIONS RELATING TO REDEMPTION

23.	**Call Option (Condition 5.4)**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Call Option Date(s)/Call Option Period:	[ ]
(ii)	Early Redemption Amount (Call) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Annex]
(iii)	If redeemable in part:	[*Specify, otherwise redemption will only be permitted of entire Series*]
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
(iv)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
24.	**Put Option (Condition 5.7)**	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Put Date(s)/Put Period:	[ ]
(ii)	Early Redemption Amount (Put) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Annex]

	(iii) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
25.	**Maturity Redemption Amount** (Condition 5.1)	[For Equity-Linked Notes: Unless previously redeemed or purchased and cancelled and subject to the other terms and conditions of the Notes, the Issuer shall redeem each Note either: (i) [*Include descriptions of the relevant conditions*], by delivering to the Holder on the Settlement Date the Securities Transfer Amount [per Calculation Amount/*specify other*/see Annex]; or (ii) in all other circumstances, by paying an amount equal to [par/an amount determined in accordance with the formula set out in the Annex [1] hereto] [per Calculation Amount/*specify other*/see Annex] on the Maturity Date.] [For Fund-Linked Notes: (i) Reference Fund/formula: [ ] (ii) Provisions for determining Maturity Redemption Amount where calculated by reference to Reference Fund and/or formula: [ ] (iii) Provisions for determining Maturity Redemption Amount where calculation by reference to a Reference Fund and/or formula is impossible or impracticable or otherwise disrupted: [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*] (iv) Minimum Maturity Redemption Amount: [ ] (v) Maximum Maturity Redemption Amount: [ ]] [For other Notes: Par/[ ] per Calculation Amount/*other — specify*/See Annex [ ]
26.	**Early Redemption for Taxation Reasons** (Condition 5.2)	
	(i) Early Redemption Amount (Tax):	[Fair Market Value][*Specify, if not the principal amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount*] [*per Calculation Amount/specify other/*see Annex]
	(ii) Date after which changes in law, etc. entitle Issuer to redeem:	[*Specify, if not the Issue Date*]

27.	**Early Redemption for reasons of Force Majeure** (Condition 5.3)	[Applicable] [Not applicable]
28.	**Other Redemption Provisions**	[Not applicable/*give details*]
	[(i) Early Redemption Amount (FX Disruption Event): (Condition 8.6)	[Fair Market Value][*Specify, if not the Fair Market Value*] [per Calculation Amount/specify other/see Annex]]
	[(ii) Early Redemption Amount (Benchmark Trigger Event): (Condition 11A)	[Fair Market Value][*Specify, if not the Fair Market Value*] [per Calculation Amount/*specify other*/see Annex]]
29.	**Events of Default** (Condition 6.1(a))	
	(i) Early Termination Amount:	[Fair Market Value][*Specify, if not the principal amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount*] [per Calculation Amount/*specify other*/see Annex]
	(ii) Any additional (or modifications to) Events of Default:	[*Specify*]
30.	**Winding-up of the Bank** (Condition 6.2)	
	Early Termination Amount:	[Fair Market Value][*Specify, if not the principal amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount*] [per Calculation Amount/*specify other*/see Annex]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

31.	**Form of Notes:** (Condition 1.1)	
	[Bearer Notes	[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [and/or Registered Notes] only in limited circumstances specified in the Permanent Bearer Global Note] [Temporary Bearer Global Note exchangeable for definitive Bearer Notes [and/or Registered Notes] on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for definitive Bearer Notes [and/or Registered Notes] only in limited circumstances specified in the Permanent Bearer Global Note]
	[Registered Notes:	[Registered Global Note exchangeable for definitive Registered Notes only in the limited circumstances specified in the Registered Global Note] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options for Bearer Notes should not be expressed to be applicable if the Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[U.S.$] and integral multiples of [U.S.$]] in excess thereof up to and including [U.S.$]]."Furthermore, such Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)

32.	Type of Note:	[Equity-Linked Notes/Fund-Linked Notes/Index-Linked Notes/Combination/other (*specify*)]
33.	Relevant Financial Centre Day(s) or other special provisions relating to Payments: (Condition 8.3)	[Not applicable/*give details. Note that this paragraph relates to the place of payment, and not to business days for interest accrual purposes, to which sub-paragraph [17(v)] relates*]
34.	Unmatured Coupons missing upon Early Redemption:	[*Specify whether paragraph (i) of Condition 8.1(f) or paragraph (ii) of Condition 8.1(f) applies. If nothing is specified paragraph (i) will apply to fixed rate or fixed coupon amount Notes and paragraph (ii) will apply to floating rate or variable coupon amount Notes*]
35.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
36.	Details relating to partly paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not applicable/*give details*]
37.	Redenomination, renominalisation and reconventioning provisions:	[Not applicable/The provisions [in Condition 8.4] [annexed to this Pricing Supplement] apply][13]
38.	Additional payment provisions:	[Applicable/Not applicable]
	(i) Offshore RMB Centre	[Hong Kong] [Taiwan] [Singapore] [*specify*]
	(ii) Payment of Alternative Payment Currency Equivalent (*Condition 8.5*):	[Applicable] [Not applicable]
	— Settlement Currency:	[ ]
	— Settlement Currency Jurisdiction:	[ ]
	— Additional Relevant Jurisdiction:	[ ]
	— Alternative Payment Currency:	[ ]
	— Alternative Payment Currency Exchange Rate:	[ ]
	— Alternative Payment Currency Jurisdiction:	[ ]
	— Additional Alternative Payment Currency Event:	[ ]
	(iii) Underlying Currency Pair provisions:	[Applicable/Not applicable/*give details*]
	— Underlying Currency Pair Exchange Rate:	[ ]
	(iv) FX Disruption Event (*Condition 8.6*):	[Applicable] [Not applicable]
	— Denomination Currency:	[ ]
	— Denomination Currency Jurisdiction:	[ ]
	— Reference Currenc(y)(ies):	[ ]
	— Reference Currency Jurisdiction:	[ ]
	(v) Relevant Rate:	[Applicable/Not applicable/*give details*]

[13] *For Notes denominated in Sterling, if the provisions in Condition 8.4 are stated to be applicable, consider whether to include additional disclosure outlining the resulting United Kingdom tax implications for United Kingdom resident non-corporate Holders of the Notes.*

39.	Reference Asset Components: (for Notes linked to a basket of different types of asset. Details to be specified if applicable)	[ ] [Not applicable]
40.	Other terms or special conditions:	[Not applicable/*give details*]

PROVISIONS APPLICABLE TO EQUITY-LINKED NOTES, FUND-LINKED NOTES AND INDEX-LINKED NOTES

[*Delete all paragraphs in this section which are not applicable*]

41.	**Provisions for Equity-Linked Notes:**	[Applicable] [Not applicable]
	(i) Securities:	[ ] [The Securities are Depositary Receipts] [Units in a Fund, where "**Fund**" means [ ]. Unit means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in [ ]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund] [*delete if not applicable*] Condition 9 shall apply to the Notes as if references therein to "**Underlying Company**" were references to the "**Fund**" and as if references therein to "Security" were references to "**Unit**".]
	(ii) Underlying Company(ies):	[ ] [and with respect to the Underlying Securities [ ]] [The Fund]
	(iii) Exchange(s):	[ ]
	(iv) Related Exchange(s):	[[ ]/All Exchanges]
	(v) Cash Settlement Payment Date:	[Maturity Date/other — *specify*]
	(vi) Securities Transfer Amount:	[ ]
	(vii) Settlement Date:	[Not applicable/*specify*]
	(viii) Settlement Disruption Event:	Condition 9.3 [applies/does not apply]
	— Disruption Period (if other than as specified in Condition 9.3):	[Applicable/Not applicable]
	(ix) Delivery Disruption Event:	Condition 9.4 [applies/does not apply]
	(x) Potential Adjustment Event:	Condition 9.5(a) [applies/does not apply]
	— additional Potential Adjustment Event for the purposes of paragraph (viii) of the definition thereof)	[ ]
	(xi) Merger Event or Tender Offer:	Condition 9.5(b) [applies/does not apply]
	(xii) Nationalisation, Insolvency, Insolvency Filing or Delisting:	Condition 9.5(c) [applies/does not apply]
	(xiii) China Connect Underlying:	[Yes] [No]
	(xiv) Extraordinary Fund Event:	Condition 9.5(c) [applies/does not apply]
	(xv) Corrections to published prices affecting Government Bonds or debt securities:	Condition 9.5(e) [applies/does not apply]
	— Spot Price:	[ ]
42.	**Provisions for Fund-Linked Notes:**	[Applicable] [Not applicable]
	(i) Reference Fund(s) (including information on where the net asset value is published):	[ ]

Name of Fund	**Weighting**	**Information on where the net asset value is published**
[ ]	[ ]	[ ]

(ii)	Initial Reference Fund Unit Value:	[ ] [The definition in Condition 9A.1 applies]
(iii)	Strike Date:	[ ] [The definition in Condition 9A.1 applies]
(iv)	Final Value:	[ ] [The definition in Condition 9A.1 applies]
(v)	Additional Disruption Event:	[The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*other — give details*]] [Not applicable]
(vi)	Additional provisions for Fund-Linked Notes:	[ ] [Not applicable]
(vii)	Final Valuation Date:	[ ]
(viii)	Cut-off Final Valuation Date:	[ ] [The [ ] Reference Fund Valuation Day following the Scheduled Final Valuation Date]
(ix)	Cut-off Date:	[ ] [The date which is [ ] [calendar [days][months][Business Days] following the Final Valuation Date]
(x)	Number of local banking days for the purpose of postponing Reference Fund Disrupted Day Related Payment Date pursuant to Condition 9A.2:	[3] [ ]
(xi)	Reference Fund Disruption Interest Adjustment:	[Applicable] [Not applicable]
(xii)	Averaging Dates:	[ ] [Not applicable]
(xiii)	Averaging Date Market Disruption:	[Omission] [Postponement] [Modified Postponement] [Not applicable] [*other (specify)*]
43.	**Provisions for Index-Linked Notes:**	[Applicable/Not applicable]
(i)	Index(ices):	[ ] [, being a Multiple Exchange Index]
(ii)	Sponsor:	[ ]
(iii)	Exchange(s):	[ ]
(iv)	Related Exchange(s):	[ ]/All Exchanges]
(v)	Cash Settlement Payment Date:	[ ]
(vi)	Adjustment to Index:	Condition 9.2 [applies/does not apply]
(vii)	Index Substitution:	[Applicable][Not applicable]
(viii)	China Connect Underlying:	[Yes] [No]
44.	**Valuation Date(s):**	[ ] [Not applicable]
(i)	Common Scheduled Trading Days:	[Applicable/Not applicable]
(ii)	Disrupted Day:	[Applicable/Not applicable] [ ]
(iii)	Valuation Rollover Days:	[Five/Eight/*specify other*] Scheduled Trading Days/[ ]
(iv)	Deemed Valuation Date:	The [fifth/eighth/*specify other*] Scheduled Trading Day immediately following the Scheduled Valuation Date/[ ]
45.	**Valuation Time:**	[ ]

46.	**Averaging Dates:**	[*specify dates*][Not applicable]
	(i) Relevant Prices:	[*Specify how level of Index or market value of Securities is to be determined*]
	(ii) Details relating to how Maturity Redemption Amount will be calculated where the Notes relate to a basket of Indices or Securities:	[ ]
	(iii) Averaging Date Market Disruption:	[Omission/Postponement/Modified Postponement/Not applicable/*Other (specify)*]
	(iv) Averaging Rollover Days:	[Five/Eight/*specify other*] Scheduled Trading Days
	(v) Deemed Averaging Date:	The [fifth/eighth/*specify other*] Scheduled Trading Day immediately following the Scheduled Averaging Date
47.	**Fixing Date:**	[ ] [Not applicable]
	(i) Common Scheduled Trading Days:	[Applicable/Not applicable]
	(ii) Disrupted Day:	[Applicable/Not applicable] [ ]
	(iii) Fixing Rollover Days:	[Five/Eight/*specify other*] Scheduled Trading Days/[ ]
	(iv) Deemed Fixing Date:	The [fifth/eighth/*specify other*] Scheduled Trading Day immediately following the Scheduled Fixing Date/[ ]
48.	**Additional Disruption Event:**	The following Additional Disruption Events apply: [Change in Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging][China Connect Share Disqualification] [China Connect Service Termination][*other (specify)*]/[Not applicable]
49.	**Other terms or special conditions relating to Equity-Linked Notes, Fund-Linked Notes or Index-Linked Notes:**	[ ]

DISTRIBUTION

50.	If syndicated, names or Managers:	[Not applicable/*give names*]
51.	If non-syndicated, name of Relevant Dealer:	[Not applicable/*give name*]
52.	Selling Restrictions:	As more fully described in the Offering Circular
	United States:	Category 2 [*Specify whether the Notes are subject to TEFRA C or TEFRA D Rules or TEFRA not applicable. In the absence of specification TEFRA D Rules will apply (Condition 1.2)*]
	Other:	[*Specify any modifications of or additions to selling restrictions contained in Dealership Agreement*]
53.	Stabilisation Institution:	[ ] [Applicable/Not applicable] [Under currently applicable Hong Kong laws, no transactions may be effected which would stabilise or maintain the market price of Notes listed on the Hong Kong Stock Exchange at a level which might not otherwise prevail.]

54.	Additional U.S. federal income tax considerations:	[Not applicable/give details] [The Notes are [not] Specified Notes for the purpose of Section 871(m).] [Additional information regarding the application of Section 871(m) to the Notes will be available from the Issuer. Investors should submit any requests for additional information to the Issuer via their custodians.] [*The Notes will not be Specified Notes if they do not reference any U.S. equity or any index that contains any U.S. equity. Notes that reference a U.S. equity or index that contains any U.S. equity are subject to additional testing on a trade-by-trade basis to determine whether they are Specified Notes.*]
55.	**PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT**	[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rebates:	[A rebate [of [ ] bps is being] offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not applicable]
	(ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — OCs to provide*]/[Not applicable]
OPERATIONAL INFORMATION		
56.	LEI:	2HI3YI5320L3RW6NJ957
57.	ISIN Code:	[ ]
58.	Common Code:	[ ]
59.	Clearing System(s):	[CMU/Euroclear/Clearstream, Luxembourg/ Other] [*Specify*]
60.	Common Depositary/Lodging Agent:	[*Specify*]
61.	CMU Instrument Number:	[ ]
62.	Settlement Procedures:	[*Specify whether customary medium term note/eurobond/CMU/other settlement and payment procedures apply*]
63.	Delivery:	Delivery [against/free of] payment
64.	Additional Paying Agent(s) (if any):	[ ]
65.	Calculation Agent:	[ ]
66.	[Details of Issuer]:	[*Only applicable when New Issuer accedes to the Programme, specify country of incorporation, date of incorporation, details of its registered office, business and directors*]]

[**USE OF PROCEEDS**

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

[**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$20,000,000,000 Medium Term Note Programme of [ ]].

[**TRANSFER RESTRICTIONS**

Each purchaser of the Notes will be subject to the transfer restrictions below. By purchasing the Notes, each purchaser of the Notes shall be deemed to have agreed to (1) comply with such transfer restrictions as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems or sells any of the Notes; and (2) provide notice of all applicable transfer restrictions to any subsequent transferees of the Notes.

PEOPLE'S REPUBLIC OF CHINA

In respect of Notes linked to mainland China underlyings (including those underlying an underlying index, but excluding those linked to China Connect Underlyings):

ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS A "DOMESTIC INVESTOR", OR TO ANY PERSON USING FUNDS TO PURCHASE NOTES SOURCED FROM A "DOMESTIC INVESTOR", AS THE TERM IS DEFINED IN THE OFFERING CIRCULAR SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.

In respect of Notes linked to China Connect Underlyings:

ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS A "DOMESTIC INVESTOR", AS THE TERM IS DEFINED IN THE OFFERING CIRCULAR SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.]

[**INVESTOR REPRESENTATIONS**

Each purchaser of the Notes, by its purchase of the Notes, will be deemed to represent, warrant, undertake, acknowledge and agree, to, with and for the benefit of the Issuer, the Arranger and each Dealer and each affiliate of the Issuer to which it acquires the Notes from, as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems or sells any of the Notes, as follows:

(a) It acknowledges and agrees that the Issuer has the right, at its option, to compel any legal or beneficial owner of Notes that has acquired such Notes in violation of the transfer restrictions thereon or the representations, warranties, undertakings, acknowledgements and agreements in the sections "*Transfer Restrictions*" and "*Investor Representations*" in this pricing supplement at the time it acquired such Notes to redeem the Notes held by such legal or beneficial owner.

(b) It acknowledges and agrees that the Issuer, the Arranger and each Dealer will rely upon the representations, warranties, undertakings, acknowledgments and agreements set out in the sections "*Transfer Restrictions*" and "*Investor Representations*" in this pricing supplement in connection with offering and sales, from time to time, of Notes.

(c) It represents and agrees that it shall not acquire any Notes, unless it acquires such Notes solely for its own account or for the account of one or more entities each of which it exercises at such time sole investment discretion and for each of which it has at such time full power and is duly authorised to make the representations, warranties, undertakings, acknowledgements and agreements set forth in the sections "*Transfer Restrictions*" and "*Investor Representations*" in this pricing supplement, based upon its own judgement and upon advice of such business, financial, investment, legal, regulatory, accounting, tax or other advisers as it deems necessary.

(d) In the case of Notes linked to China Connect Underlying and mainland China underlying only, it acknowledges that due to the foreign ownership limits, trading quota limits and other restrictions that the relevant exchanges and authorities may impose from time to time with respect to the trading of China Connect Underlying through China Connect and the trading of mainland China underlying, the Issuer may determine in its absolute discretion for any reason to early terminate, redeem or unwind any Notes in accordance with its terms and conditions.

(e) In the case of Notes linked to a China Connect Underlying that is listed on the ChiNext Market of the Shenzhen Stock Exchange ("**ChiNext Shares**"), and only for as long as applicable laws or regulations requires an investor to be a "professional investor" within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO or a type of investor that is permitted or approved by the China Connect Market, the Hong Kong Stock Exchange, China Securities Depository and Clearing Corporation, Hong Kong Securities Clearing Company Limited or any regulatory authority with competent jurisdiction to trade ChiNext Shares through China Connect ("**Eligible ChiNext Investor**"), it represents and warrants that it is an Eligible ChiNext Investor.

(f) In the case of Notes linked to a China Connect Underlying that is listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange ("**STAR Shares**"), and only for as long as applicable laws or regulations requires an investor to be a "professional investor" within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO or a type of investor that is permitted or approved by the China Connect Market, the Hong Kong Stock Exchange, China Securities Depository and Clearing Corporation, Hong Kong Securities Clearing Company Limited or any regulatory authority with competent jurisdiction to trade STAR Shares through China Connect ("**Eligible STAR Investor**"), it represents and warrants that it is an Eligible STAR Investor.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Issuer:

[THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED[, acting through its principal office in Hong Kong]/[acting through its Specified Branch]] [NAME OF NEW ISSUER]

By: . . . . . .
Duly authorised

[Signed on behalf of the Guarantor:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

By: . . . . . .
Duly authorised

[ANNEX [1]

25 Maturity Redemption Amount

[*(specify formula)*]][14]

[ANNEX [2]][15]

[*disclosure information in relation to underlying Index/Indices or Securities*]

---

[14] *If required.*

[15] *This Annex (and the text on the front page of this Pricing Supplement) is only required for Index-Linked Notes and Equity-Linked Notes which are also to be listed on the Hong Kong Stock Exchange or any other stock exchange.*

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the relevant Issuer to the dealers appointed pursuant to the Dealership Agreement (as defined below) either generally in relation to the Programme or in relation to a particular Tranche of Notes (the "**Dealers**"). Notes may also be sold by the relevant Issuer direct to institutions who are not Dealers **provided that** the relevant Issuer observes the same selling restrictions as would be applicable to sales by Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 15 March 2024 (as amended, supplemented or replaced from time to time) (the "**Dealership Agreement**") made between the Bank and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

The Arranger, the Dealers or certain of their respective affiliates may purchase the Notes or be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Arranger, the Dealers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuers or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separate from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the HSBC Group.

United States: *Regulation S Category 2; TEFRA D Rules, unless TEFRA C Rules or TEFRA not applicable is specified as applicable in the relevant Pricing Supplement.*

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act and applicable state or local securities laws. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and U.S. Treasury regulations promulgated thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or (in the case of bearer Notes) deliver the Notes and the Guarantee, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Tranche, as determined or certified to the Issuing and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Issuing and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes and the Guarantee during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. In addition, until forty days after the commencement of the offering of Notes comprising any Tranche and the Guarantee, any offer or sale of Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act (if available).

The Issuer represents and agrees that any resale or other transfer, or attempted resale or other transfer of Notes made other than in compliance with the restrictions set out in the preceding paragraph above shall not be recognised by the Issuer or any agent of the Issuer and shall be void.

Each issuance of Index-Linked Notes, or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer, the Guarantor and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year:

  (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

  (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

    (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "**professional investors**" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

Taiwan

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan pursuant to relevant securities laws and regulations of Taiwan. Each Dealer has represented and agreed that it has not offered, or sold, and will not offer or sell, within Taiwan through public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan. No person or entity in Taiwan has been authorised to offer or sell Notes in Taiwan. Notes may be made available to Taiwan investors outside Taiwan for purchase by such investors either directly or through such financial institutions as may be authorised under the laws of Taiwan and only pursuant to the relevant laws, regulations and self-regulatory guidelines as may be applicable to them.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Mainland China

Except as permitted by applicable laws and regulations in mainland China, (i) the Notes linked to mainland China underlyings (including those underlying an underlying index, but excluding those linked to China Connect Underlyings) may not be offered or sold, directly or indirectly, in mainland China, or offered or sold to any Domestic Investor, or to any person using funds to purchase the Notes sourced from any Domestic Investor and (ii) the Notes (other than the Notes in sub-paragraph (i)) may not be offered or sold, directly or indirectly, in mainland China, or offered or sold to any Domestic Investor, in each case, where "**Domestic Investor**" means:

(a) a PRC Citizen; and/or

(b) a PRC Entity.

"**PRC Citizen**" means any person who (a) holds a PRC Identity Document and (b) does not hold any Non-PRC Permanent Residency Document.

"**PRC Identity Document**" means any of mainland China residency household register, mainland China resident identity card, PRC passport and Exit-entry Permit for Travelling to and from Hong Kong and Macao (EEP). For the avoidance of doubt, a PRC Identity Document does not include an Entry Permit for Travelling to Hong Kong and Macao (commonly known as one-way permit).

"**Non-PRC Permanent Residency Document**" means any permanent resident card, permanent resident visa or any other equivalent government issued permanent residency document, in each case, of a country or region outside mainland China.

"**PRC Entity**" means any legal entity incorporated, organised, registered and/or otherwise established in mainland China. For the avoidance of doubt, a PRC Entity does not include a branch or a subsidiary of any entity specified in the preceding sentence, which is lawfully registered in any country or region outside mainland China.

In addition, Notes linked to a China Connect Underlying that is (i) any securities listed on the ChiNext Board of the Shenzhen Stock Exchange which may be traded by Hong Kong and international investors through the China Connect Service ("**ChiNext Shares**") or (ii) any securities listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange which may be traded by Hong Kong and international investors through the China Connect Service ("**STAR Shares**") or (iii) such securities designated by the Issuer from time to time (which may be via a designated website) ("**Other Designated Securities**"), may be offered or sold only to an investor that is a "professional investor" within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the relevant governmental or regulatory authorities, exchanges and/or clearing systems to trade ChiNext Shares, STAR Shares and/or Other Designated Securities (as the case may be) through the China Connect Service ("**Eligible Investor**").

In respect of any Notes, this Offering Circular or any information obtained by reference herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in mainland China to any person to whom it is unlawful to make the offer or solicitation in mainland China. This Offering Circular, any information contained herein or the Notes have not been, or will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in mainland China and thus may not be supplied to the public in mainland China or used in connection with any offer for the subscription or sale of the Notes in mainland China. The Issuer does not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in mainland China, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this Offering Circular in mainland China.

Thailand

Each Dealer has represented and agreed that the Notes may not be offered, sold, or caused to be made the subject of an invitation for subscription or purchase, and this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes cannot be circulated, distributed or made available, whether directly or indirectly, to any persons in the Kingdom of Thailand, unless permitted otherwise by applicable laws and regulations. This Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes has not been reviewed by any regulatory authority in Thailand and has not been registered or filed with or approved by the Office of the Securities and Exchange Commission of Thailand.

Australia

This Offering Circular is not a disclosure document under Chapter 6D or Part 7.9 of the *Corporations Act 2001* (Cth) and has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"). This Offering Circular does not purport to include the information required of a disclosure document under Chapter 6D or Part 7.9 of the *Corporations Act 2001* (Cth). The offer of Notes referred to in this Offering Circular is made only to persons to whom it is lawful to offer securities in Australia without a disclosure document lodged with ASIC and complies with the terms of any authority granted under the *Banking Act 1959* (Cth) of Australia. This means the offer is directed only to investors who come within one of the categories set out in section 708(8) or 708(11) of the *Corporations Act 2001* (Cth) ("**Section 708(8) Sophisticated Investors**" and "**Section 708(11) Professional Investors**", respectively).

As no formal disclosure document (such as an offering circular) will be lodged with ASIC, the Notes may only be offered and issued to one of the categories of Section 708(8) Sophisticated or Section 708(11) Professional Investors. If any recipient of this Offering Circular is not a Section 708(8) Sophisticated Investor or a Section 708(11) Professional Investor, no offer of, or invitation to apply for, the Notes shall be deemed to be made to such recipient and no applications for the Notes will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient.

If a person to whom Notes are issued (an "**Investor**") on-sells the Notes within 12 months from their issue, the Investor will be required to lodge a prospectus with ASIC unless either:

(a) that sale is to another Section 708(8) Sophisticated Investor or Section 708(11) Professional Investor; or

(b) the sale offer is received outside Australia.

Each Investor acknowledges the above and, by applying for Notes under this Offering Circular, gives an undertaking not to sell those Notes in any circumstances other than those described in paragraphs (a) and (b) above for 12 months after the date of issue of such Notes.

This Offering Circular is not, and under no circumstances is to be construed as, an advertisement or public offering of the Notes in Australia.

This Offering Circular is distributed to investors in Australia and any offer of Notes is made to investors in Australia, in each case subject to the conditions set out above, on behalf of each of the institutional managers by their respective licensed affiliates, each of which holds an Australian Financial Services License which permits such licence holder to distribute this Offering Circular and offer the Notes to investors in Australia.

Nothing in this Offering Circular takes into account the investment objectives, financial situation and particular needs of any individual investors. The Bank, the New Issuer and the Dealers recommend that investors read this Offering Circular before making a decision to acquire Notes.

General

Other than with respect to the listing of the Notes on the relevant stock exchange (if applicable), no action has been or will be taken in any country or jurisdiction by the Bank, the New Issuer or the Dealers that is intended to permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Bank, the New Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Bank, (where the New Issuer is the Issuer) the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Bank, (where the New Issuer is the Issuer) the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer and (except in the case of Notes issued by the Bank) the Guarantor. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

GENERAL INFORMATION

1. Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. Separate application may be made for the listing of Notes on the Hong Kong Stock Exchange. The issue price of the Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing in relation to the relevant Notes.

   However, Notes may be issued pursuant to the Programme which will not be listed on the Hong Kong Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the relevant Issuer and the relevant Dealer(s) may agree.

2. The establishment of the Programme was authorised by resolutions of the boards of directors of the Bank passed on 28 January 1997. The Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Pricing Supplement relating thereto. The Notes are also expected to be accepted for clearance through the CMU. The CMU Instrument Number for each Series of Notes intended to be cleared through the CMU will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

4. Bearer Notes (other than Temporary Global Notes) with an original maturity of more than one year and any Coupon and Talons appertaining thereto will bear a legend substantially to the following effect: "**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.**" The sections referred to in such legend provide that a United States person who holds a Bearer Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

5. The Legal Entity Identifier (**LEI**) of The Hongkong and Shanghai Banking Corporation Limited acting through its principal office in Hong Kong is 2HI3YI5320L3RW6NJ957, or as otherwise specified for the Issuer acting through a Specified Branch as set out in the applicable Pricing Supplement.

6. Settlement arrangements will be agreed between the relevant Issuer, the relevant Dealer and the Issuing and Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Notes.

7. Save as otherwise disclosed in this Offering Circular, there are no litigation or arbitration proceedings against or affecting the Bank, its subsidiaries or any of its assets, nor is the Bank aware of any pending or threatened such proceedings, which are or might be material in the context of the Programme.

8. Save as otherwise disclosed in this Offering Circular, since 31 December 2023, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Bank or any of its subsidiaries that is material in the context of the Programme.

9. For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of each Issuer and at the specified offices of the Paying Agents and Principal Registrar, namely:

   (a) the Ordinance and the Articles of Association of the Bank (being the constitutional documents of the Bank) and the Articles of Association of the New Issuer;

   (b) this Offering Circular and any document incorporated by reference herein;

   (c) the Issuing and Paying Agency Agreement;

   (d) the Deed of Covenant;

   (e) the two most recent publicly available audited consolidated financial statements of the Bank (beginning with financial statements for the years ended 31 December 2022 and 2023) and the most recent publicly available unaudited interim financial statements (if any) of the Bank;

   (f) any Pricing Supplement relating to Notes which are listed on any stock exchange. (In the case of any Notes which are not listed on any stock exchange, copies of the relevant Pricing Supplement will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Notes);

   (g) a copy of each Deed of Adherence and each New Deed of Covenant executed by each Issuer and a copy of each Deed of Guarantee executed by the Bank in respect of the issue of Notes issued by each New Issuer; and

   (h) the most recent publicly available audited financial statements and publicly available unaudited financial statements of the New Issuer (if any).

Copies of the items specified in sub-paragraph (e) above are also available upon request of each person to whom this Offering Circular has been delivered. Such request is to be directed to the Issuer at its registered office.

THE ISSUER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public
Accountants
Registered Public Interest
Entity Auditor
22/F Prince's Building
Central
Hong Kong

ISSUING AND PAYING AGENT AND PRINCIPAL REGISTRAR

The Hongkong and Shanghai Banking Corporation Limited
Level 26
HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS TO THE ISSUER AND THE GUARANTOR

as to English law and Hong Kong law

Clifford Chance
27th Floor
Jardine House
One Connaught Place
Hong Kong

APPENDIX 2 – THE SUPPLEMENTAL OFFERING CIRCULAR DATED 24 SEPTEMBER 2024 IN RELATION TO THE DN NOTES

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. The following applies to the supplemental offering circular (the "**Supplemental Offering Circular**") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information from the Issuer and/or the Joint Lead Managers (each as defined in the Supplemental Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE SUPPLEMENTAL OFFERING CIRCULAR HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTIONS OF THE U.S. AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (EACH AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE SUPPLEMENTAL OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: In order to be eligible to view the Supplemental Offering Circular or make an investment decision with respect to the securities described in the Supplemental Offering Circular, investors must not be located in the United States. The Supplemental Offering Circular is being sent to you at your request and by accepting the email and accessing the Supplemental Offering Circular, you shall be deemed to have represented to the Issuer and the Joint Lead Managers that (1) you and any customers you represent are non-U.S. persons (as defined in Regulation S under the Securities Act) outside the United States, that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and you consent to delivery of the Supplemental Offering Circular and any amendments or supplements thereto by electronic transmission, (2) you are a person who is permitted under applicable law and regulation to receive the Supplemental Offering Circular and (3) you consent to delivery of such Supplemental Offering Circular by electronic transmission. If this is not the case, you must return the Supplemental Offering Circular to us immediately.

You are reminded that the Supplemental Offering Circular has been delivered to you on the basis that you are a person into whose possession the Supplemental Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Supplemental Offering Circular to any other person.

The Supplemental Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Supplemental Offering Circular.

The Supplemental Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Joint Lead Managers (as defined in the Supplemental Offering Circular) or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction. The Supplemental Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Joint Lead Managers, the Agents (as defined in the Supplemental Offering Circular) or any person who controls them nor any director, officer, employee, affiliate, adviser or agent of them accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Joint Lead Managers (as the case may be).

Please ensure that your copy of the Supplemental Offering Circular is complete. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

(registered and incorporated in Hong Kong: Business Registration Number 00173611)

HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025 (the "DN Notes")

issued under the
U.S.$20,000,000,000
Medium Term Note Programme
Issue Price: 100.00 per cent.

This Supplemental Offering Circular (this "**Supplemental Offering Circular**") to the Offering Circular dated 15 March 2024 (the "**Offering Circular**") is prepared in connection with the issue of HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025 (the "**DN Notes**") under the U.S.$20,000,000,000 Medium Term Note Programme (the "**Programme**") of The Hongkong and Shanghai Banking Corporation Limited (the "**Issuer**"). Terms defined in the Offering Circular have the same meaning when used in this Supplemental Offering Circular. This Supplemental Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer. This Supplemental Offering Circular does not affect any other Notes issued under the Programme.

The DN Notes will have the benefit of a deed of covenant (the "**DNN Deed of Covenant**") to be dated 26 September 2024 (the "**Issue Date**") entered into by the Issuer. A fiscal agency agreement dated 24 September 2024 (the "**DNN Agency Agreement**") has also been entered into in relation to the DN Notes between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as the fiscal agent (the "**Fiscal Agent**"), the principal paying agent (the "**Principal Paying Agent**"), the registrar (the "**Registrar**") and the other agents named in it. Neither (i) the amended and restated issuing and paying agency agreement dated 15 March 2024 entered into between the Issuer and The Hongkong and Shanghai Banking Corporation Limited as the issuing and paying agent, the principal registrar and the principal lodging agent, nor (ii) the amended and restated deed of covenant dated 13 March 2019 entered into by the Issuer, in each case in relation to the Programme, will apply to the DN Notes. For a more detailed description of the DN Notes, see "*Terms and Conditions of the DN Notes*" beginning on page 20 of this Supplemental Offering Circular for the terms and conditions relating to the DN Notes (the "**Conditions**").

To the extent that there is any inconsistency between (a) any statement in this Supplemental Offering Circular and (b) any other statement in or incorporated by reference in the Offering Circular, this Supplemental Offering Circular will prevail.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the DN Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Supplemental Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the DN Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the DN Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Supplemental Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Supplemental Offering Circular to Professional Investors only have been reproduced in this Supplemental Offering Circular. Listing of the Programme or the DN Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the DN Notes, the Issuer, its subsidiaries (the Issuer and its subsidiaries together, the "Bank Group") or the quality of disclosure in this Supplemental Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Supplemental Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Supplemental Offering Circular.

The DN Notes are expected to be assigned a credit rating of "AA-" by S&P Global Ratings ("**S&P**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The DN Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act). The DN Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of certain further restrictions on offers and sales of the DN Notes and the distribution of this Supplemental Offering Circular, see the section entitled "*Subscription and Sale*" of the Offering Circular, as supplemented by "*Subscription and Sale*" of this Supplemental Offering Circular.

The DN Notes will be issued in dematerialised registered form and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the aggregate nominal amount of the DN Notes (the "**Aggregate Nominal Amount**") has been initially recorded on-Platform in the Issuance Token Record Account (as defined in the Conditions) (opened in the name of the Hong Kong Monetary Authority (the "**HKMA**") as operator of the Central Moneymarkets Unit Service (the "**CMU**")) in accordance with the Platform Related Documentation (as defined in the Conditions) and the relevant procedures of the DLT Platform Operator (as defined below), and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register (as defined in the Conditions) the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above, will be the HKMA as operator of the CMU) as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. The Issuer shall procure the Register to be maintained by the Registrar in accordance with the provisions of the DNN Agency Agreement, and the Register is the definitive record of legal title to the DN Notes. Legal title to the DN Notes passes by entry in the Register by the Registrar.

The DN Notes will have the benefit of the DNN Deed of Covenant entered into by the Issuer (i) to record its promise to pay Noteholders (as defined below) and (ii) for the acquisition of direct rights by the Accountholders (as defined below) against the Issuer, in each case in the circumstances set out in the DNN Deed of Covenant and relating to the DN Notes only (and not to any other series of notes issued under the Programme).

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests (as defined below) are held through the Platform (as defined below), any reference to beneficial interests in or rights to any DN Notes shall mean: (i) "**Platform Beneficial Interests**", which means the beneficial interests in DN Notes recorded in the relevant Digital Token Accounts (as defined in the Conditions) maintained on the Platform held by Direct Participants and CMU-DSI, (ii) "**CMUP Beneficial Interests**", which means the beneficial interests in and rights corresponding to such DN Notes held in relevant securities accounts in the CMU in its conventional clearing system (the "**CMUP**") held through CMU-DSI on Platform, (iii) beneficial interests held away from the CMUP through intermediary or custody arrangements with a Direct Participant, which for the avoidance of doubt does not incorporate the CMU-DSI in or through the holding chain, and/or (iv) any further beneficial interests down the custodian chain, as applicable. The records of the DLT Platform Operator of the Platform Beneficial Interests, being the amalgamated balance of all Digital Token Accounts, shall be the definitive record of Platform Beneficial Interests (the "**Platform Beneficial Interest Record**") and be conclusive and binding on all Accountholders. The definitive record of CMUP Beneficial Interests shall be the books and records of CMUP maintained by the CMU as described in the CMU Reference Manual (as defined herein).

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, no transfer of legal title to the DN Notes is expected. Platform Beneficial Interests in a DN Note will be recorded in the Digital Token Account of the relevant Accountholder. Platform Beneficial Interests in a DN Note shall pass upon the debiting of record of such DN Note from the relevant transferor Accountholder's Digital Token Account and corresponding crediting to the transferee Accountholder's Digital Token Account in the Platform Beneficial Interest Record, in accordance with the Conditions, the Platform Related Documentation and the relevant procedures of the DLT Platform Operator. References herein to the "**Platform**" means the online platform using distributed ledger technology ("**DLT**") operated by the CMU in its capacity as operator of the Platform (the "**DLT Platform Operator**") as an extension of the CMU, used for, including, but not limited to, the recording and updating of the Issuance Token Record Account and, while the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the recording of the issuance, settlement, transfer, redemption and cancellation of Platform Beneficial Interests in the DN Notes, and pursuant to which (i) the Direct Participants (as defined below) may manage their holdings of Platform Beneficial Interests in the DN Notes in Digital Token Accounts for their own account and/or in a custodian or intermediary capacity and (ii) the CMU-DSI, the internal operational mechanism of the DLT Platform Operator using the direct participant functionality on the Platform solely as a digital securities intermediary on behalf of members of the CMU (the "**CMU-DSI**") may hold Platform Beneficial Interests in the DN Notes in its Digital Token Account acting as digital securities intermediary for members of the CMU, all in accordance with the Platform Related Documentation. The Platform relies on materials, software, equipment, systems or other intellectual property held by or licensed by third party service providers, including (i) Digital Asset Modelling Language ("**DAML**") as smart contract language technology; (ii) Hyperledger Fabric, private and permissioned enterprise blockchain technology; and (iii) Canton Network.

The DLT Platform Operator will operate the CMU-DSI to hold DN Notes as an intermediary for CMU members. Any CMUP Beneficial Interests in the DN Notes will be reflected in accordance with the relevant procedures of the CMU. The Direct Participants, as Accountholders, may hold DN Notes as a custodian or intermediary for investors or for their own account. Any beneficial interests held through a Direct Participant or another custodian or intermediary will be reflected in accordance with the procedures of the relevant custody arrangements. Potential investors seeking to hold beneficial interests in the DN Notes should note that they will not be able to hold such beneficial interests through Euroclear Bank SA/NV or Clearstream Banking S.A. as there is no linkage to the CMU for the purpose of the DN Notes. See "*Overview of the Platform and Clearing, Settlement and Operational Information*" for further information.

Any reference to "**Noteholders**" or "**holders**" in relation to any DN Notes shall mean the persons in whose name such DN Notes are so registered in the Register. Any reference to "**Accountholder**" shall mean a Direct Participant or the CMU-DSI, each using the direct participant functionality on the Platform and a person for the time being appearing in the Platform Beneficial Interest Record as holder of one or more Digital Token Account(s). Once a Bond Migration (as defined herein) has been effected in accordance with the Platform Related Documentation, all references to "**Accountholders**" shall be construed accordingly.

Any reference to "**Direct Participant**" shall mean a participant of the Platform using the direct participant functionality on the Platform, holding one or more Digital Token Account(s) for its own account and/or in a custodian or intermediary capacity, which, for the avoidance of doubt, does not include the CMU-DSI or any Agent performing the function as the Issuer's agent on the Platform.

INVESTING IN THE DN NOTES INVOLVES RISKS. SEE "*INVESTMENT CONSIDERATIONS*" OF THE OFFERING CIRCULAR AND OF THIS SUPPLEMENTAL OFFERING CIRCULAR FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE DN NOTES.

PROGRAMME ARRANGER AND DEALER

HSBC

SOLE GLOBAL COORDINATOR, SOLE BOOKRUNNER AND JOINT LEAD MANAGER

HSBC

JOINT LEAD MANAGERS

HSBC	**Agricultural Bank of China Limited Hong Kong Branch**	**Bank of China Limited**
Bank of Communications	**China Construction Bank (Asia) Corporation Limited**	**ICBC (Asia)**

CLEARING AND SETTLEMENT SYSTEM

CMU OPERATED BY THE HONG KONG MONETARY AUTHORITY

PLATFORM PROVIDER

HSBC

Supplemental Offering Circular dated 24 September 2024

IMPORTANT NOTICES

This Supplemental Offering Circular, together with the Offering Circular, include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Bank Group.

The Issuer has confirmed to the Joint Lead Managers that this Supplemental Offering Circular, together with the Offering Circular, is true, accurate and complete in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein and in the Offering Circular are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Supplemental Offering Circular and the Offering Circular the omission of which would, in the context of the Programme or the issue of the DN Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Issuer has further confirmed to the Joint Lead Managers that this Supplemental Offering Circular (together with the Offering Circular and the Pricing Supplement) contains all such information as may be required by all applicable laws, rules and regulations.

The Issuer accepts full responsibility for the accuracy of the information contained in the Offering Circular and this Supplemental Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Supplemental Offering Circular is supplemental to the Offering Circular and must be read in conjunction with such Offering Circular for the purpose of the proposed issue of the DN Notes by the Issuer under the Programme.

Listing of the Programme and the DN Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the DN Notes, the Issuer, the Bank Group or quality of disclosure in this Supplemental Offering Circular. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. See "*Investment Considerations*" herein and in the Offering Circular for a discussion of certain factors to be considered in connection with an investment in the DN Notes. The risks and investment considerations identified in this Supplemental Offering Circular and the Offering Circular are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in the DN Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Any person making or intending to make any offer within the EEA of the DN Notes which are the subject of any offering contemplated in the Offering Circular and this Supplemental Offering Circular should only do so in circumstances in which no obligation arises for the Issuer or The Hongkong and Shanghai Banking Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited (the "**Joint Lead Managers**" and each, a "**Joint Lead Manager**") to produce a prospectus for such offers.

The Offering Circular and this Supplemental Offering Circular do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers or the Agents (as defined in the Conditions) to subscribe for or purchase any DN Notes. The distribution of the Offering Circular, this Supplemental Offering Circular or the pricing supplement in respect of the DN Notes (the "**Pricing Supplement**") and the offering or sale of the DN Notes in certain jurisdictions may be restricted by law. None of the Issuer nor any of the Joint Lead Managers or the Agents represents that the Offering Circular and this Supplemental Offering Circular may be lawfully distributed, or that any DN Notes may be lawfully offered, in compliance with any applicable registration or

other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Agents which is intended to permit a public offering of any DN Notes or distribution of the Offering Circular and this Supplemental Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no DN Notes may be offered or sold, directly or indirectly, and neither the Offering Circular, this Supplemental Offering Circular nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Circular, this Supplemental Offering Circular or the Pricing Supplement comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions on the distribution of the Offering Circular, this Supplemental Offering Circular or the Pricing Supplement and the offering and sale of the DN Notes. For a description of certain further restrictions on offers and sales of the DN Notes and distribution of the Offering Circular, this Supplemental Offering Circular and the Pricing Supplement, see "*Subscription and Sale*" of the Offering Circular, as supplemented by "*Subscription and Sale*" of this Supplemental Offering Circular.

No person is authorised in connection with the offering of the DN Notes to give any information or to make any representation regarding the Issuer or the DN Notes not contained in the Offering Circular, this Supplemental Offering Circular and the Pricing Supplement and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Agents, the DLT Platform Operator or The Hongkong and Shanghai Banking Corporation Limited as technology service provider to the CMU as DLT Platform Operator (the "**Platform Provider**") or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers.

None of the Offering Circular, this Supplemental Offering Circular, the Pricing Supplement or any other information supplied in connection with the Programme or the DN Notes is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer, the Joint Lead Managers, the Agents, the DLT Platform Operator or the Platform Provider or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers that any recipient of the Offering Circular, this Supplemental Offering Circular or the Pricing Supplement should purchase any of the DN Notes. A potential investor should carefully evaluate the information provided herein in light of the total mix of information available to it, recognising that none of the Issuer, the Joint Lead Managers, the Agents, the DLT Platform Operator or the Platform Provider or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any other person can provide any assurance as to the reliability of any information not contained in this Supplemental Offering Circular. Each prospective investor contemplating purchasing any DN Notes should make its own independent investigation and analysis of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment.

Neither the delivery of the Offering Circular, this Supplemental Offering Circular or the Pricing Supplement nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the DN Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the condition, financial, economic or otherwise, or affairs of the Issuer during the life of the DN Notes or to advise any investor in the DN Notes of any information coming to their attention.

No comment is made or advice is given by the Issuer, the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers in respect of taxation matters relating to the DN Notes or the legality of the purchase of the DN Notes by an investor under any applicable law.

The role of the Platform Provider is solely limited to provision of technology services to the CMU as the DLT Platform Operator. The Platform Provider bears no responsibility to the holder of the DN Notes or any other party with respect to the functionality, availability, compliance with applicable laws, suitability, malfunction, or any function that operates in an unexpected manner of the Platform operated by the CMU as the DLT Platform Operator (including the efficiency and completeness of the CMU's business continuity plan relating to the operation of the Platform). The Platform Provider to the CMU will not be liable to CMU members or any other third parties for any failure of the Platform operated by the CMU.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL AND BUSINESS-RELATED MATTERS CONCERNING THE PURCHASE OF THE DN NOTES.

None of the Joint Lead Managers, the DLT Platform Operator, the Platform Provider or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers has separately verified the information contained in the Offering Circular, this Supplemental Offering Circular and the Pricing Supplement. To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents, the DLT Platform Operator, the Platform Provider or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers accept responsibility whatsoever for the contents of the Offering Circular, this Supplemental Offering Circular and the Pricing Supplement or for any other statement made or purported to be made by any of them or on its behalf in connection with the Issuer, the Programme or the issue and offering of the DN Notes. Each of the Joint Lead Managers, the DLT Platform Operator, the Platform Provider, the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular, this Supplemental Offering Circular, the Pricing Supplement or any such statement. The Agents, the DLT Platform Operator, the Platform Provider and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers make no representation regarding the Offering Circular, this Supplemental Offering Circular, the Pricing Supplement, the Programme or the DN Notes.

None of the Issuer, the Joint Lead Managers, the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers has any responsibility whatsoever with respect to the functionality of the Platform. None of the Issuer, the Joint Lead Managers, the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers will be liable for any failure due to the technological set up of the Platform. The DLT Platform Operator and the Platform Provider shall not be liable for any losses suffered by Direct Participants or any third parties (including investors) or incurred or caused by or in connection with use of the Platform or receipt of the functionalities of the Platform or any failure due to the technological set up of the Platform. See "*Investment Considerations*" below for certain information relevant to an investment in the DN Notes.

The DN Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the DN Notes or the accuracy or adequacy of the Offering Circular and this Supplemental Offering Circular. Any representation to the contrary may be a criminal offence in the United States.

The DN Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States. The DN Notes may not be offered, sold or delivered within the United States or to, or for the benefit of U.S. persons, except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The DN Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular and this Supplemental Offering Circular, see "*Subscription and Sale*" of the Offering Circular, as supplemented by "*Subscription and Sale*" of this Supplemental Offering Circular.

IN ORDER TO FACILITATE THE OFFERING OF THE DN NOTES, THE SOLE GLOBAL COORDINATOR ACTING AS STABILISATION MANAGER (THE "**STABILISATION MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER), TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, MAY OVER-ALLOT NOTES OR ENGAGE IN TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE DN NOTES DURING AND AFTER THE OFFERING OF THE DN NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE DN NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE DN NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF SUCH NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISATION MANAGERS (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGERS) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the DN Notes, including certain Joint Lead Managers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. The Sole Global Coordinator is also acting as "overall coordinator" (the "**OC**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders (where applicable) of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the DN Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Managers or its group company has more

than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the Joint Lead Managers when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the OC, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

TABLE OF CONTENTS

Page

FORWARD-LOOKING STATEMENTS 1

SUMMARY OF THE DN NOTES 2

INVESTMENT CONSIDERATIONS 8

TERMS AND CONDITIONS OF THE DN NOTES 20

PRICING SUPPLEMENT FOR THE DN NOTES 42

OVERVIEW OF THE PLATFORM AND CLEARING, SETTLEMENT AND OPERATIONAL INFORMATION 50

THE BANK GROUP 64

CAPITALISATION 66

TAXATION 67

SUBSCRIPTION AND SALE 68

GENERAL INFORMATION 71

FORWARD-LOOKING STATEMENTS

This Supplemental Offering Circular includes forward-looking statements. All statements other than statements of historical facts included in this Supplemental Offering Circular regarding, among other things, Hong Kong's economy, fiscal condition, debt or prospects may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Issuer believes that the expectations reflected in its forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

These statements are based on the Issuer's current plans, objectives, assumptions, estimates and projections. Investors should therefore not place undue reliance on those statements. Forward-looking statements speak only as of the date that they are made and the Issuer does not undertake to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

SUMMARY OF THE DN NOTES

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Supplemental Offering Circular and the Pricing Supplement. Words and expressions defined in the "Terms and Conditions of the DN Notes" (the terms and conditions set out therein, the "**Conditions**") shall have the same meanings in this summary.*

Issuer	The Hongkong and Shanghai Banking Corporation Limited
Issuer Legal Entity Identifier ("LEI")	2HI3YI5320L3RW6NJ957
Description of the DN Notes	HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025 under the U.S.$20,000,000,000 Medium Term Note Programme of the Issuer. In the context of the DN Notes, "digitally native" describes the on-Platform component that is critical to the valid constitution, issuance and creation of the DN Notes. The DN Notes shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein; (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator; and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above, will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. Accordingly, as the DN Notes cannot validly come into existence without the Issuance Token Record Account having been digitally created on the Platform, they possess a "digitally native" quality. However, there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native". See "*Investment Considerations – Considerations relating to the DN Notes – The DN Notes will be in dematerialised registered form on the Issue Date with no physical certificate and there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native"*" below.
Investment Considerations	Investing in the DN Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its

	obligations under the DN Notes are discussed under "*Investment Considerations*" below.
Sole Global Coordinator, Sole Bookrunner and Joint Lead Manager	The Hongkong and Shanghai Banking Corporation Limited.
Joint Lead Managers	The Hongkong and Shanghai Banking Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited
Fiscal Agent, Principal Paying Agent and Registrar	The Hongkong and Shanghai Banking Corporation Limited.
Calculation Agent	Such agent as may be appointed by the Issuer to make such determinations under Condition 5.3 of the Conditions, provided that none of the Fiscal Agent, the Principal Paying Agent or the Registrar shall be appointed and acting as the Calculation Agent.
Issue Date	26 September 2024
Issue Price	100.00 per cent. of the Aggregate Nominal Amount of the DN Notes.
Interest	The DN Notes will bear interest on their outstanding nominal amount from and including 26 September 2024 at the rate of 3.60 per cent. per annum, payable semi-annually in arrear on 26 March and 26 September in each year up to and including the Maturity Date, adjusted in accordance with the Modified Following Business Day Convention, as specified in the Pricing Supplement.
Clearing and Settlement System and DLT Platform Operator	CMU.
Platform	The online platform using DLT operated by the DLT Platform Operator as an extension of the CMU, used for, including but not limited to, the recording and updating of the Issuance Token Record Account and, while the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the recording of the issuance, settlement, transfer, redemption and cancellation of the Platform Beneficial Interests in the DN Notes, and pursuant to which (i) the Direct Participants may manage their holdings of Platform Beneficial Interests in the DN Notes in Digital Token Accounts for their own account and/or in a custodian or intermediary capacity and (ii) the CMU-DSI may hold Platform Beneficial Interests in the DN Notes in its Digital Token Account acting as digital securities intermediary for members of the CMU, all in accordance with the Platform Related Documentation.
Form of Notes	The DN Notes will be issued in dematerialised registered form. The Issuer shall procure the Register to be maintained by the

Registrar in accordance with the Conditions. The on-Platform recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account serves as the definitive data source for entry in the Register of the HKMA (as operator of the CMU) as sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The Register is the definitive record of legal title to the DN Notes.

Holding, transfer or settlement of the DN Notes

Legal title to the DN Notes passes by entry in the Register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the DNN Agency Agreement.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, no transfer of legal title to the DN Notes is expected.

All records of transfers of the Platform Beneficial Interests in the DN Notes and entries on the Platform will be made in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator. Records of transfers of the Platform Beneficial Interests in the DN Notes will be effected, and may only be effected, through the Platform and may, subject as provided in the Platform Related Documentation, only be between Accountholders. Such record of transfers of the absolute ownership of Platform Beneficial Interests in the DN Notes between Accountholders may, (i) if both the transferor and transferee are Direct Participants, require instructions to be provided via the Platform by both the transferor and transferee, or (ii) if one of the transferor or transferee is CMU-DSI, require instructions to be provided on the Platform by both the transferor and the transferee concurrently with, among other things, instruction to the CMUP by the relevant holder of CMUP Beneficial Interests who is settling the transfer through CMU-DSI (where such holder's CMUP Beneficial Interests are transferred in accordance with the paragraph below), and in each case will be effected through recording the debiting of record of the Platform Beneficial Interests in the DN Notes from the transferor's Digital Token Account and crediting of record of the Platform Beneficial Interests in the DN Notes to the transferee's Digital Token Account. Only the DLT Platform Operator has the responsibility for recording the absolute ownership of Platform Beneficial Interests in any DN Note in the Platform Beneficial Interest Record (including any record of transfers).

A transfer of any other beneficial interests in the DN Notes will be effected in accordance with (if such beneficial interests are CMUP Beneficial Interests and held through the CMU-DSI) the relevant procedures of the CMU and/or (if such beneficial interests are held through a Direct Participant) the procedures of the relevant custody arrangements, and, depending on how such

	transfer of beneficial interests is effected, may or may not result in a transfer of a record of Platform Beneficial Interests on the Platform in accordance with the relevant procedures of the DLT Platform Operator as set out in the paragraph above. Transfers of Platform Beneficial Interests in DN Notes to or from any Digital Token Account shall be effected to the relevant Accountholder by the DLT Platform Operator, but upon payment by the relevant Accountholder of any fee, tax, duty, assessment or other governmental charges that may be imposed in relation to such record of transfer (or the giving of such indemnity as the DLT Platform Operator may require).
Status of the DN Notes	The DN Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking pari passu without any preference among themselves and, at their date of issue, ranking pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer other than any such obligations preferred by provisions of law that are both mandatory and of general application.
Maturity	Interest Payment Date falling on, or nearest to, 26 September 2025.
Specified Denomination	The DN Notes will be issued in the specified denomination of HK$1,000,000 and integral multiples of HK$500,000 in excess thereof.
Redemption of the DN Notes	The DN Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or for reasons of force majeure).
Redemption for Taxation Reasons	If, as a result of any change in the laws, regulations or rulings of Hong Kong or (in any such case) of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the Issue Date or any other date specified in the Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 7, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice to the Noteholders (in accordance with Condition 12) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding DN Notes at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their principal amount), together with accrued interest (if any) thereon, as further described in Condition 5.2 of the Conditions.
Early Redemption for Reasons of Force Majeure	If, in relation to any DN Notes, the Calculation Agent (as defined in the Conditions) shall have determined, in its absolute discretion, that performance of the Issuer's obligations under the DN Notes (or the Issuer's or the Issuer's affiliate's obligations under any underlying or hedging or funding arrangement

	established in connection therewith) shall have become unlawful or impracticable in whole or in part, including without limitation as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders (in accordance with Condition 12 of the Conditions) (which notice shall be irrevocable) at its option, redeem all (but not some only) of the outstanding DN Notes at an amount equal to the Fair Market Value (as defined in the Conditions) of the DN Notes (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner).
Enforcement	Enforcement events for the DN Notes are set out in Condition 6 of the Conditions.
Rating	The following ratings are expected to be assigned to the DN Notes: "AA-" by S&P.
Taxation	Payments in respect of the DN Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such DN Notes had no such withholding or deduction been required. Without prejudice to the Issuer's obligation to pay additional amounts as described above, all payments in respect of the DN Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 8.3.
Meetings of Noteholders	A summary of the provisions for convening meetings of Noteholders to consider matters relating to their interests as such is set out in Condition 11 of the Conditions.
Business Continuity Plan	A summary of the Business Continuity Plan is set out below. See "*Overview of the Platform and Clearing, Settlement and Operational Information – Business Continuity Plan*" below.
Direct Rights	Each Accountholder shall, in limited circumstances, be entitled to acquire against the Issuer the Direct Rights in accordance with the provisions of the DNN Deed of Covenant in respect of a nominal amount of DN Notes to which such Accountholder is entitled.

ISIN and CMU Instrument Number	ISIN: HK0001058715. CMU Instrument Number: ORNHKB24005.
Governing Law	The DN Notes will be governed by, and construed in accordance with, English law. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the DN Notes.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the DN Notes by way of debt issues to Professional Investors only. Such listing is expected to become effective on 27 September 2024.
Use of Proceeds	For general funding purposes.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the DN Notes in the United States, the EEA, the United Kingdom, Hong Kong, Taiwan, Japan, Singapore, Mainland China, Thailand, Australia and such other restrictions as may be required in connection with the offering and sale of the DN Notes. See the section entitled "*Subscription and Sale*" of the Offering Circular, as supplemented by the "*Subscription and Sale*" section of this Supplemental Offering Circular.

INVESTMENT CONSIDERATIONS

The section titled "Investment Considerations – Considerations relating to Notes issued in tokenised and/or digital form" in the Offering Circular shall be deleted in its entirety and replaced with the following investment considerations.

Considerations relating to the DN Notes

Change of law

The Conditions are based on English law in effect as at the date of issue of the DN Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the DN Notes.

Trading of interests in the DN Notes will only be through over-the-counter trading

The DN Notes will be issued in dematerialised registered form and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein; (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator; and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. Investors will not be entitled to receive Notes in certificated form.

So long as the DN Notes are outstanding, an Accountholder or an investor, as applicable, will be able to trade its beneficial interests in the DN Notes only through traditional over-the-counter ("**OTC**") trading and, in the case of an investor holding beneficial interests in the DN Notes, where it has custody or intermediary arrangements in place (whether directly or indirectly) with a Direct Participant or the CMU-DSI. A Direct Participant may hold the relevant Platform Beneficial Interests in the DN Notes on the Platform for its own account or as a custodian or intermediary for an investor. The CMU-DSI will hold the relevant Platform Beneficial Interests in the DN Notes on the Platform solely as an intermediary on behalf of members of the CMU, who will hold CMUP Beneficial Interests in the DN Notes. Records of the individual beneficial interests in the DN Notes of an investor that is not a Direct Participant or the CMU-DSI will be maintained off-Platform in accordance with its custody or intermediary arrangement with the relevant Direct Participant or the CMU-DSI.

Risks related to the listing of the DN Notes on the Hong Kong Stock Exchange and that settlement of the DN Notes will not be on the Hong Kong Stock Exchange

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the DN Notes by way of debt issues to Professional Investors only. While any listing of the DN Notes on the Hong Kong Stock Exchange may be intended to provide enhanced visibility of indicative market prices for the DN Notes, there can be no assurance that any indicative prices quoted on the Hong Kong Stock Exchange will reflect an actual price at which an investor may be able to purchase or sell any DN Notes in the OTC market. Any indicative prices displayed on the Hong Kong Stock Exchange should not be considered as a recommendation that any person should sell or purchase any DN Notes in the OTC market. Each investor contemplating purchasing any interests in DN Notes in the OTC market should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and of the prices at which it may sell or purchase any such DN Notes or interests therein or rights thereto in the

OTC market. None of the Issuer, the Joint Lead Managers, the DLT Platform Operator or the Platform Provider will be responsible for the availability or accuracy of indicative prices for the DN Notes and any related securities data displayed on the Hong Kong Stock Exchange.

Investors should note that although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the DN Notes by way of debt issues to Professional Investors only, given the DN Notes are not admitted to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, any on-exchange trading of interests in the DN Notes may only be settled off-exchange on the Platform and/or the CMUP, as the case may be. After listing of the DN Notes, the settlement of Platform Beneficial Interests in the DN Notes will be carried out on the Platform as operated by the DLT Platform Operator and settlement of CMUP Beneficial Interests in the DN Notes will be carried out on the CMUP. An investor holding any other beneficial interests in the DN Notes must look to its custody or intermediary arrangements in place (whether directly or indirectly) with a Direct Participant or the CMU-DSI, as applicable, to carry out any settlement of transfers. Investors should note that there is no guarantee that any on-exchange trading will be accurately or timely reflected on the Platform as intended. None of the Issuer, the Joint Lead Managers, the Agents or the Platform Provider makes any guarantee or representation that any on-exchange trading of interests in the DN Notes will be accurately reflected on the Platform as intended or discrepancies (if any) will be rectified in an accurate or timely manner.

Liquidity risk and market value of the DN Notes

The DN Notes are new instruments for which no secondary market currently exists, and one for DLT-based "digitally native" debt securities may never develop. If an active trading market for the DN Notes does develop, it may not be maintained. Accordingly, there can be no assurance that investors in the DN Notes will be able to sell any DN Notes for which they subscribe at favourable prices, if at all, and investors should be prepared to hold the DN Notes until the Maturity Date. The development or continued liquidity of any secondary market for the DN Notes will be affected by a number of factors such as general economic conditions, political events, including factors affecting capital markets generally, the creditworthiness of the Issuer as well as other factors such as the outstanding amount or tax treatment of the DN Notes and the level, direction and volatility of interest rates generally.

In addition, the attention of investors is drawn to the following facts:

(i) despite the application for listing on the Hong Kong Stock Exchange, the DN Notes will only be traded in the OTC market and not on any trading venue in any jurisdiction;

(ii) the Platform Beneficial Interests in the DN Notes may only be transferred by debiting and crediting of record of such DN Notes in the relevant Digital Token Accounts on the Platform in accordance with, and subject to, the Platform Related Documentation from time to time; and

(iii) certain regulated investors may, currently or in the future, be required to apply capital add-ons in respect of, or increased risk-weightings to, assets held by it in digital form and recorded using relatively untested technologies such as DLT; and

(iv) the transfer of the DN Notes is subject to conditions as set out in the Conditions.

All of these factors may further reduce the investor base in the DN Notes and accentuate the lack of liquidity of the DN Notes in the secondary market.

The absence of liquidity or a reduced liquidity may have a significant material adverse effect on the value of the DN Notes. Such factors will also affect the market value of the DN Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments

that have a developed secondary market, and in extreme circumstances such investors could suffer loss of their entire investment.

The ability of Accountholders to transfer their Platform Beneficial Interests in the DN Notes depends on the appropriate operation of the Platform by the DLT Platform Operator and adherence by the relevant parties involved in the transfer, such as the DLT Platform Operator, the CMU-DSI and the relevant Direct Participants (for its own account or on behalf of investors), to (i) the relevant instructions and (ii) the Platform Related Documentation (where applicable). In the event that there is a failure in any of such processes, including operational failures, this could result in limited transferability of interests in the DN Notes.

Investors may need to purchase more interests in DN Notes to ensure that they hold an amount equal to one or more Specified Denominations

As the DN Notes have a denomination consisting of the minimum Specified Denomination of HK$1,000,000 and integral multiples of HK$500,000 in excess thereof, it is possible that interests in the DN Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case an investor who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not be able to sell or otherwise transfer the residual balance of such holding and would need to purchase a nominal amount of interests in the DN Notes such that it holds an amount equal to one or more Specified Denominations in order to do so.

Considerations relating to the use of the Platform and holding structures for the DN Notes

Investors will be reliant on the DLT Platform Operator, the CMUP, the CMU-DSI and Direct Participants (and any such other intermediary or custodian) to exercise their rights and to receive payments under the DN Notes

The DLT Platform Operator is responsible for the operation and maintenance of the Platform and for ensuring, amongst other things, that: (i) the on-Platform Issuance Token Record Account is maintained throughout the life of the DN Notes; (ii) the reconciliation of the on-Platform Issuance Token Record Account against the Aggregate Nominal Amount of Platform Beneficial Interests in the outstanding DN Notes recorded in the relevant Digital Token Accounts; (iii) the Aggregate Nominal Amount may be recorded in Digital Token Accounts and transfers of Platform Beneficial Interests in the DN Notes recorded, against payment if applicable, between Digital Token Accounts upon the receipt of instructions on the Platform of the relevant Direct Participants or the CMU-DSI; and (iv) payments of interest and principal in respect of the DN Notes made by (or on behalf of) the Issuer to, or to the order of, the DLT Platform Operator are paid to the Cash Accounts (as defined in the Conditions) of the Direct Participants entitled thereto, and (v) as CMU-DSI, the onward transmission of interest and principal to the CMUP Beneficial Interests holders in accordance with the relevant procedures of the CMU. If the DLT Platform Operator fails to maintain or operate the Platform in line with expectation, or fails promptly (or at all) to make or direct payments to the Cash Accounts of entitled Direct Participants or the CMU-DSI fails to make onward transmission of payment to the relevant members of the CMU, this could result in delays or failure in the transfers of beneficial interests in the DN Notes and/or the receipt by Direct Participants or CMUP Beneficial Interests holders of payments due, and/or could result in the loss of integrity of the records of holdings of DN Notes.

The Issuer is therefore dependent on the appropriate operation of the Platform by the DLT Platform Operator in accordance with the Platform Related Documentation. Should there be a suspension or disruption of the Platform, such as in the event of a BCP Disruption Event or BCP Termination Event (each term as defined herein), it may be impossible for the DLT Platform Operator to keep the records in relation to Platform Beneficial Interests in the DN Notes on the Platform. In such circumstances, the CMU as the DLT Platform Operator may implement the BCP as further described under "*Overview of the Platform and Clearing, Settlement and Operational Information – Business Continuity Plan"*. An investor must rely on the procedures

of the CMU as the DLT Platform Operator and actions of the Direct Participants, the CMU-DSI and the Platform itself to obtain a record of its holding of beneficial interests in the DN Notes and receive payments under the DN Notes accordingly. After the Issuer discharges its payment obligation under the DN Notes by making payments to the DLT Platform Operator as described in the Conditions or, upon a Bond Migration taking effect in accordance with the Platform Related Documentation, to CMU as described in the Conditions, it has no responsibility or liability for the records relating to, or ensuring payments are made in respect of any beneficial interests in the DN Notes (and this could be different to when an issuer's payment obligation is discharged for certain conventional CMUP cleared notes). In the event of closure of the CMU of less than a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or malfunction of the Platform short of a BCP Disruption Event, an Accountholder may not be able to obtain a record of its holding of Platform Beneficial Interests in the DN Notes in time, which could cause a delay or have a material adverse effect on the DLT Platform Operator in making relevant onward payments. For the scenario of a closure of CMU of a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), see also "*Overview of the Platform and Clearing, Settlement and Operational Information – Acquisition of Direct Rights*". For BCP Disruption Event, see also "*Overview of the Platform and Clearing, Settlement and Operational Information – Business Continuity Plan*" for further details.

Investors who hold beneficial interests in or rights to DN Notes through a Direct Participant (i.e. not through the CMU-DSI) or CMUP Beneficial Interests in DN Notes on CMUP through the CMU-DSI (and any other intermediary or custodian through which such beneficial interests in or rights to the DN Notes are held), will be reliant on their Direct Participant or the CMU-DSI (and any such other intermediary or custodian) to exercise and enforce their rights under the DN Notes, subject to applicable laws. Investors who hold beneficial interests in or rights to DN Notes outside CMUP through a Direct Participant or CMUP Beneficial Interests on CMUP through the CMU-DSI (and any other intermediary or custodian through which such beneficial interests in or rights to the DN Notes are held) will be reliant upon the custody or intermediary systems of such Direct Participant (and any such other intermediary or custodian) and/or procedures of the CMU from time to time, respectively, to exercise and enforce their rights under the DN Notes, subject to applicable laws. Such investors who are reliant on the Accountholders (and any other intermediary or custodian through which such beneficial interests in or rights to the DN Notes are held) should note the risks that may come with extreme scenarios such as insolvency or otherwise lack of capacity of the Accountholders (and any such other intermediary or custodian). See also "*Overview of the Platform and Clearing, Settlement and Operational Information - The Holding of Beneficial Interests in the DN Notes"* for details.

Payments of interest and principal in respect of the DN Notes will be paid by (or on behalf of) the Issuer to (or to the order of) the DLT Platform Operator (which is a different payment process to conventional CMUP cleared notes), and the DLT Platform Operator is then required to pay (or direct payment of) the relevant amounts due (i) to the respective Cash Accounts of the entitled Direct Participants and (ii) as CMU-DSI, to the respective accounts of the entitled CMUP Beneficial Interests holders in accordance with the relevant procedures of the CMU. The due payment of such amounts will discharge the obligations of the DLT Platform Operator, and investors must look to the Direct Participant (and any other intermediary or custodian) or CMUP Beneficial Interests holder through which they hold beneficial interests in or rights to the DN Notes for the onward payment to them of their share of any such payment received by the Direct Participant in its Cash Account (and any other intermediary or custodian) or by the CMUP Beneficial Interests holder in its respective accounts (and any other intermediary or custodian).

Investors will also rely on the systems implemented by the DLT Platform Operator (including the CMU-DSI), any Direct Participant and CMUP Beneficial Interests holder (each, if applicable, any other intermediary or custodian) through which they hold beneficial interests in or rights to DN Notes for the transmission of notices from or to the Issuer under the Conditions. In addition, investors wishing to acquire or sell interests in the DN Notes or who wish to vote on any resolution put to the Noteholders, must instruct their Direct Participant or the

CMUP Beneficial Interests holder, as applicable (or, if applicable, relevant intermediary or custodian, who shall instruct the relevant Direct Participant or the CMUP Beneficial Interests holder, as applicable) to give the necessary instructions as may be appropriate from time to time in order to give effect to the investor's wishes, subject to applicable law.

Except in the event of a Bond Migration, trades that result in a transfer of the Platform Beneficial Interests in the DN Notes among the Accountholders require settlement and recording on the Platform. Potential investors should note that such arrangements may not gain public acceptance among a substantial number of investors and could have a material adverse impact on the liquidity of the DN Notes and result in a decline in value of the DN Notes.

Furthermore, while the Accountholders intend to record details of investors and such investors' holdings of beneficial interests in or rights to DN Notes in their conventional custody or intermediary systems (where, if the Accountholder is the CMU-DSI, such records shall be in accordance with the relevant procedures of CMU), the holding by them of the interests in the DN Notes on the Platform is novel and there is a risk that the communication between the Accountholders' custody or intermediary systems and the Platform does not operate as intended, which could result in delays relating to transactions in the interests in the DN Notes and/or result in the investors suffering losses (for which the Issuer shall have no responsibility or liability). Any malfunction, unintended function, coding or human error (including erroneous information or data) or unexpected functioning of the underlying technological components of the Platform and the Accountholders' custody or intermediary systems may result in unlawful or erroneous records of transfers of interests in the DN Notes, or may delay payment under the DN Notes, any of which may have an impact on the price of the DN Notes.

For the avoidance of doubt, the investors who are CMUP Beneficial Interests holders on the CMUP should be aware of the customary risks of holding, transferring, settling and recording beneficial interests in securities in accordance with the relevant procedures of the CMU which are typical in a conventional bond transaction involving the CMU as a clearing system. The Platform Provider assumes no responsibility for and provides no assurance or guarantee in relation to the continued and smooth operation of the conventional and non-DLT clearing or settlement process of the CMUP.

Any failure or anticipated failure by the DLT Platform Operator, the CMU-DSI or the Direct Participants to perform their obligations in connection with the DN Notes could adversely affect trading in or the price of DN Notes in the secondary market (if any).

The Platform, as operated by CMU as DLT Platform Operator, is a novel technological platform with limited issuances

While the Platform is developed for use in connection with the issuance of DLT-based "digitally native" debt securities and the Platform utilises a private permissioned blockchain with nodes operated initially by the DLT Platform Operator, the DN Notes will represent one of the few limited issuances on the Platform to be operated by the DLT Platform Operator. Accordingly, there is a risk that the Platform will not operate as intended, whether due to undiscovered technical flaws, errors in system design, any delay or failure to implement functionalities which may be present in other similar clearing or settlement platforms, or otherwise. This may cause the Platform to malfunction or function in an unexpected or unintended manner.

An earlier version of the Platform was deployed in multi-currency issuances by The Government of the Hong Kong Special Administrative Region of the People's Republic of China in early 2024. The experience in deploying and operating the Platform in that issuance may be referenced in the current issuance, although there is no guarantee that the Platform in the current issuance will operate or function as intended given its novelty.

Other than at the initial issuance stage, the Platform is expected to facilitate asset servicing and other events during the lifetime of the DN Notes. The Platform's asset servicing functions or functions to support other events during the lifetime of the DN Notes are also novel, relatively untested and there is no guarantee that the Platform will function as intended and will not encounter flaws or errors during such processes.

As with other novel software-based products, the computer code underpinning the Platform may contain errors, or lead to unexpected outcomes. While the DLT Platform Operator has tested the Platform in accordance with its strict internal testing and approval processes, there can be no assurance that the Platform will not cause the integrated software to malfunction or to function incorrectly. Any failures in the underlying technologies may also cause the Platform to malfunction or function in an unexpected or unintended manner and for instance may result in improper recording or data corruption of the Issuance Token Record Account or erroneous transfers or improper recording of Platform Beneficial Interests in the Digital Token Accounts. Any error or unexpected functionality may cause a loss of confidence in the Platform and result in a decline in liquidity and market value of the DN Notes and substantial losses to investors.

While a Business Continuity Plan has been developed in the event the Platform does not operate as intended, there can be no assurance that the contingency plans contained therein can be implemented promptly, or at all, or that such plans will adequately address any failings in the Platform. In such case, investors may be unable to sell their interests in the DN Notes promptly, if at all, and may suffer losses as a result.

Technical issues arising from internal or external causes associated with the development of the Platform, for example DLT network connectivity issues, scalability, block validation mechanisms, fraudulent uses, hackings, bugs or any other human or technological malfunction or errors could result in a variety of adverse consequences for investors such as delays in receiving payments of interest or principal, delays in or inability to transfer Platform Beneficial Interests in the DN Notes or to receive the corresponding subscription moneys, or incorrect record keeping on the Platform in relation to the Issuance Token Record Account, Platform Beneficial Interest Record in the Digital Token Accounts, or further in the custody or intermediary chain, which could, in a worst-case scenario, result in an investor's interests in the DN Notes being temporarily or permanently lost or misplaced.

In addition, the fee arrangements which the DLT Platform Operator, the CMU-DSI, the Direct Participants or other parties may impose on investors in connection with the provision of their services in connection with the Platform and the DN Notes may differ from fee arrangements with which investors are familiar in other systems. The amounts received by investors under an investment in the DN Notes may be reduced as a result of any fees or charges being imposed by the DLT Platform Operator, the CMU-DSI, the relevant Direct Participant or any other relevant persons in connection with that investor's investment in the DN Notes or transactions relating thereto.

The record of Platform Beneficial Interests in the DN Notes may be migrated to the CMUP in the case of a BCP Termination Event

The Platform Related Documentation provides that if a BCP Termination Event occurs and following the giving of the BCP Notice (as defined in the Conditions) in relation thereto, the DLT Platform Operator shall, in accordance with the Platform Related Documentation, without consultation with any party and without any Accountholders' approval, commence a Bond Migration.

In order to effect the Bond Migration, the DLT Platform Operator will migrate the Platform Beneficial Interests held by Accountholders to CMUP and merge the record of Platform Beneficial Interests together with record of CMUP Beneficial Interests, such that post-Bond Migration, there is only a single tier of beneficial interests in the DN Notes on CMUP in the relevant CMUP securities accounts of the previous Direct Participants and non-Direct Participant investors, in accordance with Platform Related Documentation. Following a Bond Migration, the legal title of the DN Notes will continue to be held by the HKMA as operator of the CMU and their name

as entered in the Register as legal title holder to the outstanding Aggregate Nominal Amount of the DN Notes remain unchanged. There will be no change required to the Register. The DN Notes will continue to be in dematerialised registered form, although they will be cleared and settled through the CMUP.

Upon a BCP Notice in relation to a BCP Termination Event being given to Accountholders, all Accountholders (whether for their own account or acting as intermediary or custodian for investors) shall be deemed to consent to such Bond Migration in accordance with the Platform Related Documentation and shall assist the DLT Platform Operator as it directs in such Bond Migration. See also "*Overview of the Platform and Clearing, Settlement and Operational Information – Business Continuity Plan"* for further details.

The use of a private blockchain and smart contract technology to record, settle and maintain the DN Notes is novel and largely untested and may contain inherent flaws and limitations

Blockchain is a type of DLT. It is a nascent and rapidly changing technology and as a result the new capabilities are not fully proven in use and remain largely untested in financial markets. The Platform relies on materials, software, equipment, systems or other intellectual property held by or licensed by third party service providers, including (i) DAML as smart contract language technology; (ii) Hyperledger Fabric, private and permissioned enterprise blockchain technology; and (iii) Canton Network.

There are limited examples of the use of a blockchain network to record interests in DLT-based "digitally native" debt securities and the use of a blockchain technology in the context of an issuance of notes is still in an early development stage, including in Hong Kong. There is no assurance, warranty or representation that the process for issuing and recording immobilised legal title and transferring Platform Beneficial Interests in the DN Notes in a blockchain network environment will perform as well as in the existing central securities depository systems such as the CMU, Euroclear or Clearstream, and the Platform may not perform the full range of functions available in such clearing systems.

Private blockchain technology used in the Platform aims to provide enhanced transparency and immutability, ensuring the DLT Platform Operator has access to a single, unalterable source of truth. While this is intended to provide legal certainty, heightened transparency and efficiency, such technological immutability may mean that the ledger record of a transaction processed in error on the Platform cannot be undone. Although the Platform has built in place various safeguards and the DLT Platform Operator is able to reverse the transaction by manual amendments to the ledger records, there is no guarantee that the technical immutability of the private blockchain will not create any unforeseen or unforeseeable issues in scenarios of erroneous records of transfers or errors in ledger records. This may in turn lead to negative view of the novel and largely untested blockchain technology in the financial markets.

If there is a negative trend in respect of market participant acceptance of DLT-based "digitally native" debt securities, this could have an adverse impact on the DN Notes. If investments in DLT-based "digitally native" debt securities become less attractive to the market, or if blockchain networks and digital assets do not gain acceptance, or public trust there could be an adverse impact on the DN Notes and thereby impact the liquidity of the DN Notes. See also "*Investment Considerations – Considerations relating to the DN Notes – The DN Notes will be in dematerialised registered form on the Issue Date with no physical certificate and there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native"*" below.

Investors should note that a smart contract audit has not been conducted before deployment of the smart contracts mentioned above. There is no guarantee that the smart contracts of the Platform as mentioned will operate as intended without risk of inherent flaws, limitations or failure and if such issues can be rectified duly and timely without any adverse impacts on the DN Notes.

The malfunction, unintended function, coding or human error, or even total failure of the Platform may materially and adversely affect the DN Notes

Information on the Platform such as asset description of the DN Notes, quantity issued and settlement information of each Accountholder will rely on the proper functioning of smart contracts. Any malfunction, unintended function, coding or human error (including erroneous information or data) or unexpected functioning of the underlying technological components of the Platform, and in particular due to possible technological developments, may cause the Platform to malfunction or function in an unexpected or unintended manner and may result in data corruption or improper recording of the Issuance Token Record Account and unlawful or erroneous transfers of Platform Beneficial Interests in the DN Notes. The Issuer has no responsibility or liability in respect of the functionality, availability, compliance with applicable laws, suitability, malfunction, or any function that operates in an unexpected or unintended manner of or any technical flaws or issues in the Platform as operated by the DLT Platform Operator.

As the Platform relies on novel technology, there is an inherent risk that the Platform may experience failure or be terminated unexpectedly and irrevocably due to technological failure, human error, third party failures or other unforeseeable factors. Such failure and termination, if unremedied and is permanent, may cause the Platform or database thereon to be irretrievably destroyed with no likelihood of coming back online and the balances of the Issuance Token Record Account and/or Digital Token Accounts to be irretrievably lost, missing or inaccessible. In the case of such total failure of the Platform, there is no guarantee that any or all data on the Platform will not be leaked or missing. In the event of a BCP Disruption Event or BCP Termination Event, access by the DLT Platform Operator to the Issuance Token Record Account and access by an Accountholder to its account profile, and all functionalities that an Accountholder may otherwise perform on the Platform, including the transfer of Platform Beneficial Interests in the DN Notes (and correspondingly beneficial interests represented off-Platform in CMUP or in accordance with custodial arrangements), will be suspended or, in the case of a BCP Termination Event, permanently discontinued and migrated in accordance with Platform Related Documentation.

It is anticipated that throughout the life of the DN Notes, the Platform will go through scheduled and routine maintenance, or unscheduled maintenance from time to time. As such, the CMU-DSI and a Direct Participant may face short periods of time where they may not be able to access the Platform to settle and transfer Platform Beneficial Interests in the DN Notes, or access the Platform Beneficial Interest Record in accordance with the Platform Related Documentation. The DLT Platform Operator will also not be able to access the Issuance Token Record Account. Further, failure to update (or update in a timely fashion) a protocol or network on the Platform may in turn cause the Platform to become more susceptible to the risk of exploits or hacks. There is no guarantee that the Platform will remain accessible at all times and will not be susceptible to temporary or total failure.

Potential investors should assess the risk of the total breakdown of the Platform, both on a temporary and permanent basis, and seek professional advice before investing in the DN Notes.

The Platform may be susceptible to malicious cyber-attacks or may contain exploitable flaws, which may result in security breaches

The Platform will provide solutions developed in the context of the DN Notes (in particular for their issuance, settlement, transfer, redemption, cancellation and other operation management). While the Platform will be operated by the DLT Platform Operator, which will initially operate all nodes relating to the maintenance of the private and permissioned blockchain on which the DN Notes will be recorded, there is a risk of attacks on, unauthorised access to or fraudulent use of the Platform. There is no guarantee the Platform will not encounter malicious actors manipulating distributed ledger networks and smart contract technology. Further, such cybersecurity risks or exploitable flaws might be increased over time due to developments in cryptographic technologies and techniques and there is no guarantee the Platform will be fully protected against such attacks,

if any. Further, in light of such anticipated developments in cryptographic technologies, if there is a failure to update (or update in a timely fashion) a protocol or network on the Platform, this may in turn cause the Platform to be more susceptible to the risk of exploits or hacks. In the case of such events, there is no guarantee that the Issuance Token Record and/or the Platform Beneficial Interest Record will not be lost, stolen or inaccessible. Such events could result in a partial or total loss of an investor's investment in DN Notes, inaccurate execution and recording of transactions involving the DN Notes or a decline in user activity which could have a negative impact on the market price of the DN Notes and the liquidity of any market therein.

The Platform relies on the services of certain third party service providers

The Platform relies on materials, software, equipment, systems or other intellectual property held by or licensed by third party service providers, including (i) DAML as smart contract language technology; (ii) Hyperledger Fabric, private and permissioned enterprise blockchain technology; and (iii) Canton Network. The Platform also depends on third parties to provide internet, telecommunication and fibre optic network connectivity to data centres. Systems of third party providers may operate slowly or cause one of the following to occur:

- unanticipated disruptions in service on the Platform;
- slower response times and delays in execution and processing;
- failed settlement of trades;
- incomplete or inaccurate accounting, recording or processing of trade settlement;
- financial losses;
- security breaches;
- litigation or other claims;
- loss of investors; and
- regulatory sanctions.

The Platform will need to be well prepared for such failures by third party service providers and continue to upgrade, maintain and stabilise the Platform hardware and software throughout the life of the DN Notes.

The Platform is reliant on the cloud network used to store databases

The Platform will rely on services provided by cloud network providers and data on the Platform will be stored in cloud networks provided by third party suppliers. Any failures, disruptions, weaknesses, security breaches of the cloud network could adversely impact the ability of the Platform to provide its functionality and may result in information loss in the database. In addition, in the event that contracts with cloud providers are terminated, this could introduce disruptions to the Platform functionality.

The Platform is reliant on the internal controls and procedures of the DLT Platform Operator

Operational risks relate to the risk of loss due to breakdowns or weaknesses in the internal controls and procedures of the DLT Platform Operator operating the Platform (i.e. service disruptions). The DLT Platform Operator has identified control objectives and related key controls to ensure operations are maintained and there is proper control of established processes and business continuity measures in the Platform Related Documentation. Failures in such internal controls and procedures may result in operational disruptions to the Platform, impacting the functionality for Accountholders. For instance, this may impact the ability of an Accountholder to transfer Platform Beneficial Interests in the DN Notes to another Accountholder's Digital Token Account, which in turn could impact liquidity.

Risks of misuse or misappropriation of personal data by a third party or by the parties that have access to such information

In case of a misuse or misappropriation of personal data by a third party, the Issuer, the DLT Platform Operator, the Joint Lead Managers and/or the Accountholders may become subject to litigation, reputational harm and possible liability.

The Issuer, the DLT Platform Operator, the Joint Lead Managers and the Accountholders, to the extent applicable, may be liable if they conduct data processing in a way that does not comply with the applicable laws and regulations on the protection of personal data. For example, they could be liable if they process personal data or for an excessive period of time, if they do not comply with the data subjects' rights, or if they have not implemented appropriate security measures.

The entire blockchain layer of the Platform may suffer from total failure as a result of catastrophic failure of data centres where the nodes on the Platform are running due to natural disasters, floods, earthquakes or power outage, among others

Catastrophic disasters, severe weather conditions, the outbreak of epidemics, acts of God or other events, all of which are beyond the DLT Platform Operator's control, may adversely affect the physical location of where the data centres where the nodes are located and running and where the power supply, servers or hardware supporting the Platform are located.

There could be temporary or permanent property damage and environmental damage to the servers of the nodes which may affect the Accountholders' ability to use the nodes or the Platform's functions. If any of the nodes on the Platform are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Platform's operations and the Accountholders' activities may be significantly interrupted and there is no guarantee that such interruption will not be permanent and the Platform will not be terminated as a result.

The DN Notes will be in dematerialised registered form on the Issue Date with no physical certificate and there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native"

The DN Notes will be issued in dematerialised registered form and the Register will be the definitive record of legal title to the DN Notes. Other than the Register, no physical certificate or other document evidencing legal title to a DN Note will be issued by, or on behalf of, the Issuer.

The DN Notes shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator, and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above, will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. The Issuer shall procure to be kept a Register by the Registrar in accordance with the Conditions.

In the context of the DN Notes, therefore, "digitally native" describes the on-Platform component that is critical to the valid constitution, issuance and creation of such DN Notes. Accordingly, as the DN Notes cannot validly come into existence without the Issuance Token Record Account having been digitally created on the Platform, they possess a "digitally native" quality. However, there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native". If

investments in DLT-based "digitally native" debt securities become less attractive to the market, or if blockchain networks and DLT-based "digitally native" debt securities do not gain acceptance, there could be an adverse impact on the DN Notes and thereby impact the liquidity of the DN Notes.

If any relevant Accountholder fails to perform its duties, investors could suffer delays in the transfer of beneficial interests in the DN Notes or in the payments thereunder

An investor may hold Platform Beneficial Interests in the DN Notes through a Direct Participant by entering into a custody or intermediary arrangement with that Direct Participant off-Platform. An investor may also, through the CMU-DSI, hold Platform Beneficial Interests in the DN Notes (and under such arrangement, such investor holds CMUP Beneficial Interests on CMUP), in accordance with the procedures of CMU from time to time. As a result, such investor will need to depend upon the due execution of the respective duties applicable to the relevant Accountholder and any other relevant Accountholder.

A lack of efficiency or failure in the execution by any such Accountholder of its duties may affect the liquidity, transfer timing of, and ability to transfer beneficial interests in, the DN Notes or may create a delay in the payment of interest amount and/or the redemption amount under the DN Notes, as the case may be, which may have an impact on the price of the DN Notes.

Furthermore, if an event of default occurs and is continuing in respect of the DN Notes, the CMU-DSI and the Direct Participants (acting upon the instructions of any person(s) for whom they hold DN Notes as custodian or intermediary, if applicable) may enforce the rights attaching to the DN Notes held by them for the time being in accordance with the DNN Deed of Covenant and the Conditions. Any failure by the CMU-DSI or any Direct Participant (or any other intermediary or custodian) to perform its duties could result in delays or failure in the transfer of Platform Beneficial Interests in the DN Notes and/or the receipt by investors of payments due, and could result in the investor suffering losses (for which the Issuer shall have no responsibility or liability).

Investors who are holding beneficial interests in the DN Notes away from the CMUP through a CMUP Beneficial Interests holder should be aware of the customary risks of holding interests in debt securities through custody or intermediary arrangements with a CMU member away from CMUP. See also "*Overview of the Platform and Clearing, Settlement and Operational Information - The Holding of Beneficial Interests in the DN Notes*" for details.

Considerations relating to the Legal and Regulatory Treatment of Blockchain Technology

There are currently limited regulations in force or effect in Hong Kong or the United Kingdom ("UK") governing the use of blockchain technologies in performing the existing functionalities on the Platform; new Hong Kong, UK or international regulations may be introduced and affect the Platform or Accountholders adversely

Blockchain technology enabling the Platform's performance of its existing functionalities is subject to a rapidly evolving regulatory landscape in Hong Kong, UK and internationally, which might affect the security, privacy, the ability to buy or sell bonds issued using blockchain technology or other regulatory aspects of blockchain-based transactions and trigger changes to, for example, the blockchain networks and relevant documentation. Regimes applicable in different jurisdictions are at different stages of development and can be highly divergent. Hong Kong and UK laws and regulations in respect of blockchain-based securities is at a nascent (albeit developing) stage and the use of blockchain technologies to record primary securities market processes, providing blockchain as a technology solution to hold, trade and settle such assets, and providing certain paying agent functions on the Platform is currently not specifically governed under any effective regulatory regime within Hong Kong and the UK. The issuance of digitally native notes under Hong Kong and UK law is also novel, has few precedents and relatively untested for Hong Kong corporate issuers of notes listed on a recognised stock exchange, such as the Hong Kong Stock Exchange.

New regulations or policies, including supervisory practices, may develop rapidly in the future, and may materially and adversely affect the DLT Platform Operator's activities relating to the Platform, any intermediaries' dealing in the DN Notes, and each applicable party's obligations under the applicable regulatory regimes relevant to its existing activities, as the case may be. For example, a circular was published by the Securities and Futures Commission of Hong Kong on 2 November 2023 in respect of overseeing the conduct of intermediaries in dealing with blockchain technology-based tokenised securities. The circular does not regulate the application of blockchain technologies, but reminds intermediaries to identify and manage risks related to the use of blockchain technologies.

Although it is impossible to predict the positions that will be taken by applicable governing and regulatory authorities in the future, any regulatory changes affecting blockchain or virtual assets, new or changing laws and regulations or interpretations of existing laws and regulations may in the future materially and adversely affect the use of the Platform, including without limitation for recording and transfers of Platform Beneficial Interests in the DN Notes.

In addition, failure by the Issuer or any other interested party to comply with any new laws, rules or regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences for the Noteholders.

TERMS AND CONDITIONS OF THE DN NOTES

The section titled "Terms and Conditions of the Notes" of the Offering Circular shall be deleted in its entirety and replaced with the following.

The following (other than the italicised paragraphs, which are for information only and which do not form part of the terms and conditions of the DN Notes) is the text of the Conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to each Tranche of DN Notes (and not to any other Series of Notes issued under the Programme). All capitalised terms that are not defined in the Conditions will have the meanings given to them in the relevant Pricing Supplement. References in the Conditions to "DN Notes" are, unless the context requires otherwise, to the DN Notes of one Series only, not to all DN Notes that may be issued under the Programme.

This DN Note is issued by The Hongkong and Shanghai Banking Corporation Limited (the "**Issuer**") acting through its principal office in Hong Kong under the Issuer's U.S.$20,000,000,000 medium term note programme (the "**Programme**").

The DN Notes are issued pursuant to and in accordance with a fiscal agency agreement dated 24 September 2024 (as amended, supplemented or replaced from time to time, the "**DNN Agency Agreement**") and made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to The Hongkong and Shanghai Banking Corporation Limited in its capacity as such), as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor to The Hongkong and Shanghai Banking Corporation Limited in its capacity as such), as registrar (the "**Registrar**", which expression shall include any successor to The Hongkong and Shanghai Banking Corporation Limited in its capacity as such) and other agents named in it. "**Agent**" or "**Agents**", as the case may be, means each of the Fiscal Agent, the Principal Paying Agent and any other agent appointed pursuant to the DNN Agency Agreement and any of their successors appointed from time to time in connection with the DN Notes.

The DN Notes issued by the Issuer have the benefit of a deed of covenant dated 26 September 2024 (the "**Issue Date**") (as amended, supplemented or replaced from time to time, the "**DNN Deed of Covenant**") executed by the Issuer in relation to the DN Notes and held by the Fiscal Agent. Copies of the DNN Agency Agreement and the DNN Deed of Covenant are available for inspection during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Fiscal Agent (being at the Issue Date at Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong) following prior written request and proof of holding and identity to the satisfaction of the Fiscal Agent. All persons from time to time entitled to the benefit of obligations under any DN Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of these terms and conditions of the DN Notes (these "**Conditions**"), and are deemed to have notice of those provisions applicable to them of the DNN Agency Agreement and the DNN Deed of Covenant.

A copy of the CMU Reference Manual and any supplement thereto in relation to the Platform are available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials. The CMU will make available the Platform Related Documentation to the Direct Participants upon prior written request at all reasonable times during business hours. The Platform Related Documentation, the relevant procedures of the DLT Platform Operator, the information set forth therein and any content on such website are not a part of, nor incorporated by reference into, the Conditions.

The amended and restated issuing and paying agency agreement dated 15 March 2024 and made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent and as principal registrar and the deed of covenant dated 13 March 2019 executed by the Issuer, in each case in relation to the Programme, do not apply to the DN Notes.

The DN Notes are issued in series (each, a "**Series**"), and each Series shall comprise one or more tranches (each, a "**Tranche**") of DN Notes. Each Tranche will be the subject of a pricing supplement (each, a "**Pricing Supplement**"), a copy of which will be available for inspection during normal business hours at the specified office of the Registrar.

An investor who holds beneficial interests in or rights to any DN Notes must look to a Direct Participant, the CMU-DSI (each term as defined below) or any other intermediary or custodian through which it holds its beneficial interests in or rights to the DN Notes for receipt of the Conditions and the relevant Pricing Supplement. Such investor must (if such beneficial interests are held through the CMU-DSI) rely on the relevant procedures of the CMU and/or (if such beneficial interests are held through a Direct Participant or any other intermediary or custodian) the procedures of the relevant custody arrangements for the relevant payment, enforcement, meeting and other relevant procedures through such intermediary or custodian.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests (as defined below) are held through the Platform (as defined below), any reference to beneficial interests in or rights to any DN Notes shall mean: (i) "Platform Beneficial Interests", which means the beneficial interests in DN Notes recorded in the relevant Digital Token Accounts (as defined below) maintained on the Platform held by Direct Participants and CMU-DSI, (ii) "CMUP Beneficial Interests", which means the beneficial interests in and rights corresponding to such DN Notes held in relevant securities accounts in the CMUP (as defined below) held through CMU-DSI on Platform, (iii) beneficial interests held away from the CMUP through intermediary or custody arrangements with a Direct Participant, which does not incorporate the CMU-DSI in or through the holding chain, and/or (iv) any further beneficial interests down the custodian chain, as applicable.

The records of the DLT Platform Operator (as defined below) of the Platform Beneficial Interests, being the amalgamated balance of all Digital Token Accounts, shall be the definitive record of Platform Beneficial Interests and be conclusive and binding on all Accountholders (as defined below) as described in the Platform Related Documentation. The definitive record of CMUP Beneficial Interests shall be the books and records of CMUP maintained by the CMU as described in the CMU Reference Manual (as defined below).

1 Form and Denomination

1.1 **Form:** The digitally native notes (the "**DN Notes**") are issued in dematerialised registered form in the Currency and the Aggregate Nominal Amount each as specified in the relevant Pricing Supplement and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator, and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register (as defined in Condition 2.1(a)) the person in whose name the Issuance Token Record Account is recorded (which, as per (ii) above will be the HKMA as operator of the CMU) as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes.

1.2 **Denomination:** The DN Notes are in the minimum denomination specified in the Pricing Supplement or integral multiples thereof.

1.3 **Currency:** The DN Notes are denominated in such Currency as may be specified in the Pricing Supplement.

1.4 **Definitions:** In these Conditions:

"**CMU**" means the Central Moneymarkets Unit Service operated by the HKMA;

"**Distributed Ledger**" means the private permissioned distributed ledger (operated as a blockchain) maintained through the Platform on which the DLT Platform Operator will record the Aggregate Nominal Amount in the Issuance Token Record Account.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the Distributed Ledger will also record the Platform Beneficial Interests in the DN Notes from time to time (including any records of transfers) in accordance with the Platform Related Documentation;

"**DLT Platform Operator**" means CMU in its capacity as the operator of the Platform, performing the platform operator functionality.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the DLT Platform Operator will also be performing the CMU-DSI function in accordance with the Platform Related Documentation;

"**HKMA**" means the Hong Kong Monetary Authority;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Issuance Token Record**" means the record relating to the issue of the DN Notes, used to indicate certain identification elements of the DN Notes, such as the Aggregate Nominal Amount of the outstanding DN Notes;

"**Issuance Token Record Account**" means the operational account opened and maintained on the Platform by the DLT Platform Operator containing the Issuance Token Record in the name of the HKMA as the operator of the CMU or in the name of any relevant person to whom the Issuance Token Record Account is transferred;

"**Platform**" means the online platform using distributed ledger technology operated by the DLT Platform Operator as an extension of the CMU, used for, including but not limited to, the recording and updating of the Issuance Token Record.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the Platform will also be used for, including but not limited to, the recording of the issuance, settlement, transfer, redemption and cancellation of Platform Beneficial Interests in the DN Notes, and pursuant to which (i) the Direct Participants may manage their holdings of Platform Beneficial Interests in the DN Notes in Digital Token Accounts for their own account and/or in a custodian or intermediary capacity and (ii) the CMU-DSI may hold Platform Beneficial Interests in the DN Notes in its Digital Token Account acting as digital securities intermediary for members of the CMU, all in accordance with the Platform Related Documentation; and

"**Platform Related Documentation**" means the documents, policies or processes governing the use of and in connection with the Platform which are applicable to the DN Notes.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the Platform Related Documentation includes but is not limited to the CMU Reference Manual and supplements thereto in relation to the operation of the Platform, the rulebook and terms of use of the Platform, as each is disseminated, disclosed or made available or specified by the DLT Platform Operator and in force from time to time as may be replaced or superseded.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the following terms shall have the meanings ascribed to them below and as set out in the Platform Related Documentation:

*an "**Accountholder**" means a Direct Participant or the CMU-DSI, each using the direct participant functionality on the Platform and a person for the time being appearing in the Platform Beneficial Interest Record as holder of one or more Digital Token Account(s). Once a Bond Migration has been effected in accordance with the Platform Related Documentation, all references to "**Accountholder**" shall be construed accordingly;*

*"**CMU-DSI**" means the internal operational mechanism of the DLT Platform Operator using the direct participant functionality on the Platform solely as a digital securities intermediary for members of the CMU;*

*"**CMU Reference Manual**" means the reference manual relating to the operation of the CMU issued by the HKMA to CMU members, as amended from time to time;*

*"**Digital Token Account**" means, in respect of a DN Note, a digital token account on the Platform against which Platform Beneficial Interests in a relevant DN Note is recorded in the name of, and for, an Accountholder (as the digital token account holder), in respect of which a credit balance represents the Platform Beneficial Interests in such DN Note and the rights of such Accountholder as a holder of Platform Beneficial Interests with regard to such DN Note in accordance with the Platform Related Documentation;*

*a "**Direct Participant**" means a participant of the Platform using the direct participant functionality on the Platform, holding one or more Digital Token Account(s) for its own account and/or in a custodian or intermediary capacity, which, for the avoidance of doubt, does not include the CMU-DSI or any Agent performing the function as the Issuer's agent on the Platform; and*

*"**Platform Beneficial Interest Record**" means the definitive record of Platform Beneficial Interests in the DN Notes by the Accountholders in Digital Token Accounts on the Platform maintained by the DLT Platform Operator on the Distributed Ledger.*

2 Legal Title and Transfer

2.1 **Legal Title:**

(a) Legal title to the DN Notes passes by entry in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the DNN Agency Agreement (the "**Register**"). The on-Platform recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account serves as the definitive data source for entry in the Register, upon issuance of the DN Notes, of the HKMA (as operator of the CMU) as sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The Register is the definitive record of legal title to the DN Notes and, other than the Register, no physical document or certificate of title will be issued in respect of the DN Notes. References herein to the "**Holders**" or "**Noteholders**" of the DN Notes are to the persons in whose names such DN Notes are so registered in the Register.

(b) The Holder of any DN Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

(a) Platform Beneficial Interests in a DN Note will vest in the Accountholder for the time being of such DN Note recorded in the Platform Beneficial Interest Record. Subject as provided in the Platform Related Documentation, the Platform Beneficial Interest Record shall be the sole source for determining an Accountholder's Platform Beneficial Interests in the DN Notes at any given time. The

Accountholder holding Platform Beneficial Interests in the relevant DN Note from time to time shall be identified exclusively by reference to the Platform Beneficial Interest Record. No physical certificate or record evidencing entitlements to the DN Notes will be issued by the DLT Platform Operator or otherwise;

(b) Each of the Issuer, the Agents and the DLT Platform Operator shall be entitled to deem and treat the Accountholder appearing in the Platform Beneficial Interest Record as being the absolute owner of Platform Beneficial Interests in any DN Notes at any given time for all purposes, whether or not such DN Note is overdue and regardless of any other notice of ownership, trust or an interest therein or any notice of any previous theft or loss thereof. Each of the Issuer, the Agents and the DLT Platform Operator shall be entitled to accept and rely conclusively on the Platform Beneficial Interest Record without further enquiry and without liability to any Accountholder, in which event the same shall be conclusive and binding on Accountholders; and

(c) Title to any CMUP Beneficial Interests in the DN Notes will be reflected in accordance with the relevant procedures of the CMU and title to any other beneficial interests in the DN Notes will be reflected in accordance with the procedures of the relevant custody arrangements.

2.2 Transfer of the DN Notes

(a) A DN Note may, upon the terms and subject to the conditions set forth in the DNN Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, a Specified Denomination) by the submission of a form of transfer duly completed and executed by the applicant, at the specified office of the Registrar. Any residual holding of a DN Note with a denomination of less than the minimum Specified Denomination may not be transferred. To effect a transfer, the definitive record of legal title to the DN Notes shall be updated in the Register by the Registrar on the transfer date.

(b) For these purposes, a form of transfer received by the Registrar or the Principal Paying Agent after 3:00 p.m. (Hong Kong time) on the Record Date (as defined in Condition 8.2) in respect of any payment due in respect of DN Notes shall be deemed not to be effectively received by the Registrar or the Principal Paying Agent until the day following the due date for such payment.

(c) For the purposes of these Conditions:

"**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located; and

the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant form of transfer shall have been submitted for transfer in accordance with Condition 2.2(a).

(d) The transfer of DN Notes will be effected without charge by or on behalf of the Issuer, the Fiscal Agent, the Principal Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent, the Principal Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

(a) No Transfer of Legal Title Expected: no transfer of legal title to the DN Notes is expected;

(b) *Record of Transfers on the Platform: all records of transfers of the Platform Beneficial Interests in the DN Notes and entries on the Platform will be made in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator. Records of transfers of the Platform Beneficial Interests in the DN Notes will be effected, and may only be effected, through the Platform and may, subject as provided in the Platform Related Documentation, only be between Accountholders. Such record of transfers of the absolute ownership of Platform Beneficial Interests in the DN Notes between Accountholders may, (i) if both the transferor and transferee are Direct Participants, require instructions to be provided via the Platform by both the transferor and transferee, or (ii) if one of the transferor or transferee is CMU-DSI, require instructions to be provided on the Platform by both the transferor and the transferee concurrently with, among other things, instruction to the CMUP by the relevant holder of CMUP Beneficial Interests who is settling the transfer through CMU-DSI (where such holder's CMUP Beneficial Interests are transferred in accordance with paragraph (c)), and in each case will be effected through recording the debiting of record of the Platform Beneficial Interests in the DN Notes from the transferor's Digital Token Account and crediting of record of the Platform Beneficial Interests in the DN Notes to the transferee's Digital Token Account. Only the DLT Platform Operator has the responsibility for recording the absolute ownership of Platform Beneficial Interests in any DN Note in the Platform Beneficial Interest Record (including any record of transfers);*

(c) *Record of Transfers of Other Beneficial Interests including CMUP Beneficial Interests: a transfer of any other beneficial interests in the DN Notes will be effected in accordance with (if such beneficial interests are CMUP Beneficial Interests and held through the CMU-DSI) the relevant procedures of the CMU and/or (if such beneficial interests are held through a Direct Participant) the procedures of the relevant custody arrangements, and, depending on how such transfer of beneficial interests is effected, may or may not result in a transfer of a record of Platform Beneficial Interests on the Platform in accordance with the relevant procedures of the DLT Platform Operator as set out in paragraph (b). A copy of the relevant transfer procedures of the CMU is available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials and investors should refer to Section 4 (Securities Transfers and Settlement Services) of Part II (Clearing, Settlement and Custodial Services) of the CMU Reference Manual. Any content on such website is not a part of, nor incorporated by reference into, the Conditions;*

(d) *Transfers of the Platform Beneficial Interests in the DN Notes Subject to Applicable Fee, Tax, Duty etc.: Transfers of the Platform Beneficial Interests in the DN Notes to or from any Digital Token Account shall be effected to the relevant Accountholder by the DLT Platform Operator, but upon payment by the relevant Accountholder of any fee, tax, duty, assessment or other governmental charges that may be imposed in relation to such record of transfer of Platform Beneficial Interests (or the giving of such indemnity as the DLT Platform Operator may require); and*

(e) *Closed Periods: No Accountholder shall be entitled to record a transfer of any Platform Beneficial Interests in any DN Note to or from the relevant Digital Token Account, as applicable:*

(i) *(during the period from (and including) 11:30 p.m. (Hong Kong time) on the Platform Business Day immediately preceding the Maturity Date and ending on (and including) the Maturity Date;*

(ii) *in the circumstances described in Condition 8.2 and the Platform Related Documentation;*

(iii) *during a BCP Disruption Event or a BCP Termination Event (other than for the purpose of a Bond Migration in accordance with the Platform Related Documentation); or*

(iv) *where it has acquired Direct Rights (as defined in the DNN Deed of Covenant) in accordance with the DNN Deed of Covenant, in each case in respect of all or part of the Platform Beneficial Interests in the DN Notes held by it pursuant to the Platform Related Documentation.*

Accountholders should note that the restrictions on recording any transfer of Platform Beneficial Interests in the DN Notes in Digital Token Accounts as set out in paragraph (e) above will apply irrespective of whether or not the Platform accepts relevant instructions after the relevant cut-off time specified in such paragraph (e). The Issuer, the DLT Platform Operator and all other interested parties will be entitled, without liability, to treat the Accountholders as at the relevant cut-off time as being the absolute owner entitled to such Platform Beneficial Interests in the DN Notes for all purposes and the DLT Platform Operator's determination of the Platform Beneficial Interest Record of the Accountholders and their holdings as at the relevant cut-off time shall be conclusive and binding on all Accountholders. Direct Participants may impose corresponding restrictions in their systems or procedures with respect to any beneficial interests in or right to the DN Notes held in their capacity as an intermediary or a custodian, as the case may be, for investors and the CMU may impose corresponding restrictions in the relevant CMU rules and procedures with respect to the CMUP Beneficial Interests in or right to the DN Notes held in their capacity as a digital securities intermediary for members of the CMU.

3 Status

The DN Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking *pari passu* without any preference among themselves and, at their date of issue, ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer other than any such obligations preferred by provisions of law that are both mandatory and of general application.

4 Interest

4.1 The DN Notes shall bear interest from their Interest Commencement Date at the Interest Rate and such interest shall be payable in arrear on each Interest Payment Date.

4.2 Interest shall accrue on the nominal amount of each DN Note during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor unless payment in full of the Redemption Amount (as defined in Condition 5.6) is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the nominal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Pricing Supplement until the date on which the relevant payment is made or, if earlier, the seventh day after the date on which, the Principal Paying Agent having received the funds required to make such payment, notice is given to the Holders of the DN Notes in accordance with Condition 12 that the Principal Paying Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the DLT Platform Operator).

4.3 The amount of interest payable in respect of any DN Note for any period shall be calculated by multiplying the product of the Interest Rate to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction (and rounding the resultant figure as specified in the Pricing Supplement), save that if the Pricing Supplement specifies a specific amount in respect of such period, the amount of interest payable in respect of such DN Note for such period will be equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods. Where the Specified Denomination of a DN Note is a multiple of the Calculation Amount, the amount of

interest payable in respect of such DN Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

4.4 For the purposes of these Conditions:

"**Applicable Business Day Convention**" means the "**Business Day Convention**" which may be specified in the Pricing Supplement as applicable to any date in respect of the DN Notes unless the Pricing Supplement specifies "**No Adjustment**" in relation to any date in which case such date shall not be adjusted in accordance with any Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any DN Notes;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the relevant currency in the Relevant Financial Centre in respect of the relevant DN Notes and/or in any other place or any other days as may be specified in the Pricing Supplement;

"**Business Day Convention**" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**", where specified in the Pricing Supplement in relation to any date applicable to any DN Notes, shall mean that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time from and including the first day of such period to but excluding the last (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"), the Day Count Fraction specified in the relevant Pricing Supplement and if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

"**Interest Accrual Period**" means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity;

"**Interest Commencement Date**" means the date of issue of the DN Notes (as specified in the Pricing Supplement) or such other date as may be specified as such in the Pricing Supplement;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention;

"**Interest Period**" means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity;

"**Interest Period End Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day

Convention or, if none is specified in the Pricing Supplement, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the DN Notes;

"**Interest Rate**" means the rate of interest specified as such in the relevant Pricing Supplement; and

"**Relevant Financial Centre**" means Hong Kong.

5 Redemption and Purchase

5.1 **Redemption at Maturity:** Unless previously redeemed, or purchased and cancelled or unless such DN Note is specified in the Pricing Supplement as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its nominal amount or such other redemption amount as may be specified in or determined in accordance with the formula or other means specified in the Pricing Supplement) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Pricing Supplement (the "**Maturity Date**").

5.2 **Early Redemption for Taxation Reasons:** If, in relation to any DN Notes, as a result of any change in the laws, regulations or rulings of Hong Kong or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such DN Notes or any other date specified in the Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 7, the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 12) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding DN Notes at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their nominal amount), together with accrued interest (if any) thereon, *provided, however, that* no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the DN Notes then due.

5.3 **Early Redemption for Reasons of Force Majeure:** If, in relation to any DN Notes, the Calculation Agent shall have determined, in its absolute discretion, that performance of the Issuer's obligations under the DN Notes (or the Issuer's or the Issuer's affiliate's obligations under any underlying or hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part, including without limitation as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power, the Issuer may, having given no less than 15 nor more than 30 days' notice to the Noteholders (in accordance with Condition 12) (which notice shall be irrevocable), at its option, redeem all (but not some only) of the outstanding DN Notes at an amount equal to the Fair Market Value of the DN Notes (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner).

In these Conditions:

"**Calculation Agent**" means such agent as may be appointed by the Issuer to make such determinations under this Condition 5.3, provided that none of the Fiscal Agent, the Principal Paying Agent or the Registrar shall be appointed and acting as the Calculation Agent; and

"**Fair Market Value**" means, in relation to any DN Note, its fair market value immediately prior to the relevant redemption date, as determined by the Calculation Agent less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements, and any such calculation of the fair market value shall have the effect of preserving

for the Noteholders the economic equivalent of the obligations of the Issuer to make payments in respect of the DN Notes which would, but for any early redemption (in the case of any early redemption of such DN Notes), have fallen due after the relevant early redemption date.

5.4 **Purchase of DN Notes:** The Issuer and any of its subsidiaries may at any time purchase DN Notes in the open market or otherwise and at any price.

5.5 **Cancellation of Redeemed and Purchased DN Notes:** DN Notes purchased in accordance with this Condition 5 may be held, cancelled or resold, and any DN Notes so resold shall for all purposes be deemed to form part of the DN Notes. All unmatured DN Notes redeemed in accordance with this Condition 5 will be cancelled forthwith and may not be resold. Any such cancellation of the DN Notes will be effected by the Registrar, at the instruction of the Issuer, updating the Register to reflect such cancellation in accordance with the terms of the DNN Agency Agreement.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

(a) the DLT Platform Operator will also ensure that the Issuance Token Record in the Issuance Token Record Account is operationally updated to reflect such cancellation in accordance with the Platform Related Documentation; and

(b) any cancellation of the Platform Beneficial Interests in the DN Notes will be cancelled on the Platform in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator (which may provide for such cancellation to be effected by the movement of the records of Platform Beneficial Interests in the DN Notes which are to be cancelled to a deactivation account and marked as "redeemed", or otherwise rendering the record of such interests in the DN Notes as inert, the deactivation of record of such interests in the DN Notes or in such other manner as may be determined by the DLT Platform Operator) and the relevant Digital Token Account(s) and Platform Beneficial Interest Record will be adjusted as appropriate on the Platform in accordance with the Platform Related Documentation.

(c) Any cancellation of CMUP Beneficial Interests in the DN Notes will be cancelled on CMUP in accordance with the rules and procedures of the CMU from time to time.

5.6 **Redemption Amount:** References in these Conditions to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the Early Redemption Amount (Tax), the Fair Market Value (as defined in Condition 5.3), the Early Termination Amount (as defined in Condition 6.2) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.

6 Enforcement

6.1 Events of Default:

(a) The following events or circumstances as modified by, and/or such other events as may be specified in, the Pricing Supplement (each an "**Event of Default**") shall be acceleration events in relation to the DN Notes, namely, default is made in the payment of any amount of principal or interest in respect of the DN Notes on the due date for payment thereof and such default continues for 14 days after notice of such default is given to the Fiscal Agent, the Principal Paying Agent or the Registrar, *provided that* it shall not be an Event of Default to withhold or refuse any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (ii) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during

the said period of 14 days by independent legal advisers of recognised standing as to such validity or applicability.

(b) If any Event of Default shall occur in relation to the DN Notes, any Holder of a DN Note may, by written notice to the Issuer and the Fiscal Agent, declare that such DN Note and all interest then accrued on such DN Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Termination Amount (as defined in Condition 6.2), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such DN Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the DN Notes shall have been cured.

6.2 Winding-up of the Issuer:

In the event of an order being made or an effective resolution being passed for the winding-up of the Issuer in Hong Kong (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved by an Extraordinary Resolution (as defined in the DNN Agency Agreement) of the Holders of the DN Notes) any Holder of a DN Note may, by written notice to the Issuer and the Fiscal Agent, declare such DN Note and all interest then accrued on such DN Note to be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount).

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

Acquisition of Direct Rights: an Accountholder shall be able to acquire against the Issuer the Direct Rights in accordance with the provisions of the DNN Deed of Covenant in respect of a nominal amount of DN Notes to which such Accountholder is entitled, upon an Event of Default occurring or in the event of an order being made or an effective resolution being passed for the winding-up of the Issuer in Hong Kong (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved by an Extraordinary Resolution of the Holders of the DN Notes). No Accountholder shall be entitled to require the transfer of a DN Note following the acquisition of such Direct Rights.

An investor who is not itself an Accountholder and who holds beneficial interests in or rights to any DN Notes through a Direct Participant or the CMU-DSI must look to that Direct Participant or the CMU-DSI (and any other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for the giving of any default or early termination notice and/or the manner of obtaining any proof of holding in the exercise of any enforcement rights. If such beneficial interests are CMUP Beneficial Interests held through the CMU-DSI, a copy of the relevant securities accounts procedures of the CMU is available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials and investors should refer to Section 4 (Securities Accounts) of Part I (General Information for Membership with the CMU) of the CMU Reference Manual. Any content on such website is not a part of, nor incorporated by reference into, the Conditions.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform and for the purpose of establishing the entitlement to such Direct Rights, the Issuer and the Fiscal Agent shall each be entitled to rely on the account position report or confirmation of holdings as of the day prior to the start of the relevant closed period available on the Platform with respect to the interests in the DN Notes.

6.3 No Other Remedies:

No remedy against the Issuer other than as specifically provided by this Condition 6 shall be available to the Noteholders in respect of any DN Notes whether for the recovery of amounts owing in respect of such DN Notes appertaining thereto or in respect of any breach by the Issuer of any obligation, condition or provision under such DN Notes or otherwise.

7 Taxation

7.1 All payments (whether in respect of principal, interest or otherwise) in respect of the DN Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Holder of such amounts as would have been received by such Holder if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any DN Note:

(a) by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such DN Note by reason of his having some connection with Hong Kong other than the mere holding of such DN Note; or

(b) more than thirty days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such additional amounts on claiming for payment on such DN Note for payment on the last day of such period of thirty days.

7.2 Notwithstanding any other provision of these Conditions, any amounts to be paid on the DN Notes by or on behalf of the Issuer will be paid net of any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") ("**871(m) Withholding**"), and any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of 871(m) Withholding or FATCA Withholding.

7.3 For the purposes of these Conditions, the "**Relevant Date**" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been duly paid to the Principal Paying Agent, or as the case may be, the Registrar in accordance with the DNN Agency Agreement on or prior to such due date, the date on which, such full amount having been so duly paid and remaining available for payment to Holders, notice to that effect has been given to the Holders of the DN Notes in accordance with Condition 12.

7.4 If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong, references in Condition 5.2 and Condition 7.1 to Hong Kong shall be read and construed as references to Hong Kong and/or to such other jurisdiction(s).

7.5 Any reference in these Conditions to "**principal**" and/or "**interest**" in respect of the DN Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7. Unless the context otherwise requires, any reference in these Conditions to "**principal**" shall include any premium payable in respect of a DN Note, any Redemption Amount and any other amounts in the nature of principal payable pursuant to these Conditions and "**interest**" shall include all amounts payable pursuant to Condition 4 and any other amounts in the nature of interest payable pursuant to these Conditions.

8 Payments

8.1 **Method of Payment:** While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests (as defined in the Platform Related Documentation) are held through the Platform, payment of the Redemption Amount (together with accrued interest) and interest due in respect of DN Notes which are due to the Noteholders shall be made in fiat cash via Society for Worldwide Interbank Financial Telecommunications (SWIFT) off-Platform in the Currency specified in the relevant Pricing Supplement by the Issuer (or by the Principal Paying Agent acting on its behalf) to, or to the order of, the DLT Platform Operator as soon as reasonably practicable on the due date for payment, for value on such due date. Such amounts will be paid by the Issuer (or by the Principal Paying Agent on its behalf) in full off-Platform to a Cash Account in the name of the DLT Platform Operator as notified to the Principal Paying Agent by the CMU. Each Noteholder shall be deemed to agree that the making of such payment of interest and principal by the Issuer (or by the Principal Paying Agent acting on its behalf) to, or to the order of, the DLT Platform Operator in accordance with this Condition 8.1 will discharge the Issuer's obligations under these Conditions to make such payments *pro tanto*.

Upon a Bond Migration taking effect in accordance with the Platform Related Documentation, any payment of the Redemption Amount (together with accrued interest) and interest due in respect of DN Notes which are due to the Noteholders shall be made by the Issuer (or by the Principal Paying Agent acting on its behalf and on its instruction) to, or to the order of, the CMU. The CMU will, promptly upon receipt of such amounts, transfer payment of the relevant amounts so received directly to the person(s) shown in the records of the CMU or otherwise prior to any relevant payment date as being credited with the interest(s) in such DN Note in accordance with the rules and procedures of the CMU from time to time. Each Noteholder shall be deemed to agree that the making of such payment of interest and principal by the Issuer (or by the Principal Paying Agent acting on its behalf and on its instruction) to, or to the order of, the CMU in accordance with this Condition 8.1 will discharge the Issuer's obligations under these Conditions to make such payments *pro tanto*.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, in the event that any payment is duly made by (or on behalf of) the Issuer in accordance with Condition 8.1 and there is any delay or failure in the onward transmission of the relevant amounts by the DLT Platform Operator to the respective Cash Accounts of the Accountholders entitled thereto, each such Accountholder which, as a result of such failure on the part of the DLT Platform Operator, has not received the full amount of the payment to which it is entitled shall have recourse to the DLT Platform Operator for the relevant amounts due to them, but shall have no further recourse to the Issuer (or any Agent) with respect to any such amounts; provided that none of the Issuer, the Agents or the DLT Platform Operator shall be liable for any amounts of interest or principal not received by such Accountholder as a result of any delay or failure by such person in providing correct account details to the DLT Platform Operator for the purposes of receiving such amounts.

In these Conditions:

"**Bond Migration**" means the migration by the DLT Platform Operator of the record of the Platform Beneficial Interests in the DN Notes to the CMUP in accordance with the relevant procedures of the CMU and the other actions contemplated by Platform Related Documentation as may be conducted by the DLT Platform Operator in relation thereto;

"**Cash Account**" means a bank account opened by the DLT Platform Operator or any other relevant party with the Deposit Bank for the holding of fiat cash amounts in the Currency specified in the relevant Pricing Supplement from time to time for use in connection with the payment of any amounts due in relation to the DN Notes*;*

"**CMUP**" means the CMU in its conventional clearing system; and

"**Deposit Bank**" means The Hongkong and Shanghai Banking Corporation Limited acting under applicable cash account terms in its capacity as deposit bank in connection with the DN Notes (or any successor Deposit Bank acting under applicable cash account terms from time to time).

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

(a) a Direct Participant, the CMU-DSI or any other relevant party will also open a Cash Account with the Deposit Bank for the holding of fiat cash amounts in the Currency specified in the relevant Pricing Supplement from time to time, whereby the relevant party shall notify the DLT Platform Operator that such Cash Account shall be the relevant cash account of such Direct Participant, the CMU-DSI or other relevant party for use in connection with the payment of any amounts due in relation to the DN Notes;

(b) the DLT Platform Operator will, promptly upon receipt of such amounts in its Cash Account pursuant to Condition 8.1 in full, (i) transfer payment of the relevant amounts so received to the respective Cash Accounts of the Direct Participants entitled thereto; and (ii) as CMU-DSI, onward transmit such payment to members of the CMU for whose account(s) CMUP Beneficial Interests in the relevant DN Notes are credited as being held with the CMU in accordance with the relevant procedures of the CMU;

(c) an investor who is not itself a Direct Participant and who holds beneficial interests in or rights to any DN Notes through a Direct Participant or the CMU-DSI must look to that Direct Participant or the CMU-DSI (and any other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for receipt of its share of the payments so made. Notwithstanding that any relevant amounts by the CMU-DSI shall be transmitted onwards to members of the CMU for whose account(s) CMUP Beneficial Interests in the relevant DN Notes are credited as being held with the CMU in accordance with the relevant procedures of the CMU, the DLT Platform Operator will not be responsible for the onward transmission of any such amounts by any Direct Participant (and any other intermediary or custodian) to investors holding their beneficial interests in or rights to DN Notes through such Direct Participant (and any other intermediary or custodian) and the DLT Platform Operator will not be liable for any delay or failure in the onward transmission of such amounts by the relevant Direct Participant (and any other intermediary or custodian). Such investors will have recourse only to such Direct Participant (or any other intermediary or custodian) through which they hold their beneficial interests in or rights to the DN Notes. A copy of the relevant custodial services procedures (including payments of interest and principal) of the CMU is available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials and investors should refer to Section 5 (Custodial Services) of Part II (Clearing, Settlement and Custodial Services) of the CMU Reference Manual. Any content on such website is not a part of, nor incorporated by reference into, the Conditions;

(d) the onward transfer of payments of interest and principal in respect of the DN Notes by the DLT Platform Operator to the Cash Accounts of the Direct Participants entitled thereto, will, subject to the onward transmission of such amounts by the CMU-DSI to members of the CMU for whose account(s) CMUP Beneficial Interests in the relevant DN Notes are credited as being held with the CMU in accordance with the relevant procedures of the CMU, discharge the obligations of the DLT Platform Operator to make such payments. An investor who holds beneficial interests in or rights to any DN Notes through a Direct Participant must look to that Direct Participant (and other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for receipt of its

share of the payments so made. Notwithstanding that the relevant amounts shall be transmitted onward by the CMU-DSI to members of the CMU for whose account(s) CMUP Beneficial Interests in the relevant DN Notes are credited as being held with the CMU in accordance with the relevant procedures of the CMU, the DLT Platform Operator will not be responsible for the onward transmission of any such amounts by any Direct Participant (and any other intermediary or custodian) to investors holding their beneficial interests in or rights to DN Notes through such Direct Participant (or any other intermediary or custodian) and the DLT Platform Operator will not be liable for any delay or failure in the onward transmission of such amounts by the relevant Direct Participant (or any other intermediary or custodian). Such investors will have recourse only to such Direct Participant (or other intermediary or custodian) through which they hold their beneficial interests in or rights to the DN Notes; and

(e) upon a Bond Migration taking effect in accordance with the Platform Related Documentation, members of the CMU who hold CMUP Beneficial Interests on CMUP must look to the CMU for the onward payment to them of any payment made by the Issuer.

8.2 **Record Date:** While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, each Noteholder on record in the Register as at 11:30 p.m. (Hong Kong time) on the Platform Business Day immediately preceding the due date for the relevant payment (the "**Record Date**") shall be the Noteholder entitled to receive such payment, where "**Platform Business Day**" means a day on which the Platform is open for business.

Upon a Bond Migration taking effect in accordance with the Platform Related Documentation, each Noteholder on record in the Register as at 11:30 p.m. (Hong Kong time) on the Clearing System Business Day immediately preceding the due date for the relevant payment (the "**Record Date**") shall be the Noteholder entitled to receive such payment, where "**Clearing System Business Day**" means a day on which the CMU is open for business.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

*(a) Each Accountholder on record in the Platform Beneficial Interest Record as at 11:30 p.m. (Hong Kong time) on the Platform Business Day immediately preceding the due date for the relevant payment in respect of its beneficial interests in the DN Notes (the "**Record Date**") shall be the Accountholder entitled to receive such payment.*

(b) Accountholders should note that it may be possible for transfers of Platform Beneficial Interests in DN Notes to be recorded in the relevant Digital Token Accounts on the Platform after 11:30 p.m. (Hong Kong time) on the Record Date and prior to the time of payment of the relevant amount of interest or principal. The Accountholder entitled to receive the relevant payment of interest or principal will be the Accountholder holding Platform Beneficial Interests in the relevant DN Note(s) in its Digital Token Account at 11:30 p.m. (Hong Kong time) on the relevant Record Date, irrespective of any subsequent crediting or debiting of record of Platform Beneficial Interests in the DN Notes in any Digital Token Account.

(c) The DLT Platform Operator's determination of the relevant Accountholder at 11:30 p.m. (Hong Kong time) on a Record Date and entitled to receive such payment shall be conclusive and binding on all Accountholders.

(d) The record date for determining the relevant holder of CMUP Beneficial Interests and entitlement to receive such payment shall be as set out in the relevant rules and procedures of CMU from time to time.

8.3 **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7; (ii) any 871(m) Withholding; and (iii) any FATCA Withholding.

In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the DN Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

No commissions or expenses shall be charged to the Holders of DN Notes in respect of such payments.

8.4 **Non-Business Days:** If any date for payment in respect of any DN Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8.4, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business and settle payments in Hong Kong and in the relevant currency in the Relevant Financial Centre in respect of the relevant DN Notes and/or in any other place or any other days as may be specified in the Pricing Supplement.

9 Prescription

Claims for payment of principal and interest in respect of DN Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 7.2) for payment thereof.

10 The Fiscal Agent, the Principal Paying Agent and the Registrar

10.1 The initial Fiscal Agent, Principal Paying Agent and Registrar and their respective initial specified offices are specified below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Principal Paying Agent) or the Registrar and to appoint additional or other Paying Agents or another Registrar *provided that* there will at all times be (i) a Fiscal Agent, (ii) a Principal Paying Agent, (iii) a Registrar and (iv) such other agents as may be required by any other stock exchange on which the DN Notes may be listed. The Fiscal Agent, Paying Agents and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Fiscal Agent, any Paying Agent or the Registrar will be given promptly by the Issuer to the Holders in accordance with Condition 12.

10.2 The Fiscal Agent, the Principal Paying Agent and the Registrar act solely as agents of the Issuer and, save as provided in the DNN Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any DN Note and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the DNN Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11 Meetings of Holders and Modification

11.1 **Meetings of Holders:** The DNN Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of DN Notes to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution of these Conditions (such Extraordinary Resolution requiring an increased quorum), the DNN Deed of Covenant insofar as the same may apply to such DN Notes. An Extraordinary Resolution passed at any meeting of the

Holders of DN Notes will be binding on all Holders of the DN Notes, whether or not they are present at the meeting.

In addition, a resolution in writing signed on behalf of Holders who for the time being are entitled to receive notice of a meeting of Holders, holding not less than 75 per cent. in aggregate principal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

11.2 **Modification:** The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of DN Notes, make:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of these Conditions, the DN Notes, the DNN Deed of Covenant, the DNN Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of these Conditions, the DN Notes, the DNN Deed of Covenant, the DNN Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

11.3 **Persons entitled to provide Instructions to the Fiscal Agent or the Registrar:** While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform or upon a Bond Migration taking effect in accordance with the Platform Related Documentation, the Issuer and the Fiscal Agent shall each be entitled to rely on the account position report or confirmation of holdings as of the day prior to the start of the relevant closed period (in the case of Direct Participants (as defined in the Platform Related Documentation)) available on the Platform or (in the case of holders of CMUP Beneficial Interests (as defined in the Platform Related Documentation)) issued by the CMU in accordance with the procedures of CMU from time to time, as applicable, with respect to the interests in the DN Notes, which shall be conclusive and binding for the purpose of determining each person who is entitled to provide instructions to the Fiscal Agent or the Registrar for the purposes of appointing proxies or attending meetings of the Holders of DN Notes.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, an investor who holds CMUP Beneficial Interests, beneficial interests in or rights to any DN Notes through the CMU DSI, a Direct Participant or any other custodian or intermediary must look to the CMU-DSI, that Direct Participant or that other custodian or intermediary through which it holds its beneficial interests in or rights to the DN Notes for the provision of any proxy, representative or other services at any meeting of the Noteholders or for the purpose of a resolution in writing. For CMUP Beneficial Interests, a copy of the relevant custodial services procedures (including proxy services) of the CMU is available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials and investors should refer to Section 5 (Custodial Services) of Part II (Clearing, Settlement and Custodial Services) of the CMU Reference Manual. Any content on such website is not a part of, nor incorporated by reference into, the Conditions.

12 Notices

Notices to Noteholders will be deemed to be validly given upon (i) dispatch by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Noteholders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by

the Registrar or (ii) delivery by the Fiscal Agent on behalf of the Issuer by email, and such notice will be deemed to have been given on the fourth day after mailing (in the case of mail) or on the day on which the relevant email was sent (in the case of email).

Notwithstanding the above paragraph, while the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform or upon a Bond Migration taking effect in accordance with the Platform Related Documentation, notices required to be given to the Noteholders pursuant to these Conditions shall be validly given if delivered by the Fiscal Agent on behalf of the Issuer by email to the DLT Platform Operator or (upon a Bond Migration) to the CMU (in accordance with the relevant procedures of CMU). Any such notice shall be deemed to have been given on the day on which such notice was given to the DLT Platform Operator or (as applicable) the CMU (in accordance with the relevant procedures of CMU).

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the DN Notes have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the DLT Platform Operator shall forward onto the Direct Participants and holders of CMUP Beneficial Interests any notices to Noteholders which have been delivered by the Fiscal Agent on behalf of the Issuer by email to the DLT Platform Operator in accordance with Condition 12. An investor who holds beneficial interests in or rights to any DN Notes through a Direct Participant or any other custodian or intermediary must look to that Direct Participant or other custodian or intermediary through which it holds its beneficial interests in or rights to the DN Notes for the receiving of any such notices.

13 Business Continuity Plan

13.1 **Notification of BCP Disruption Event and BCP Termination Event:** The DLT Platform Operator shall, in accordance with the Platform Related Documentation, notify the Issuer and the Fiscal Agent as soon as reasonably practicable if a BCP Disruption Event or a BCP Termination Event occurs. Upon receipt of such notice, or if the Issuer otherwise becomes aware that a BCP Disruption Event or a BCP Termination Event has occurred, the Issuer shall, as soon as is reasonably practicable, give notice (the "**BCP Notice**") of such BCP Disruption Event or a BCP Termination Event to the Noteholders in accordance with Condition 12.

13.2 **BCP Termination Event:** Should a BCP Termination Event occur and following the giving of the BCP Notice in relation thereto, the DLT Platform Operator shall, without consultation with any party and without any Noteholders' approval, commence the process of deactivation of the record of the Issuance Token Record Account, the rendering of such record as inert, the deactivation of such record or such other procedures as may be determined by the DLT Platform Operator, in each case in accordance with the Platform Related Documentation and the time frame stated therein. Following the completion of a Bond Migration after a BCP Termination Event in accordance with the Platform Related Documentation, the Issuer shall, as soon as reasonably practicable, give notice of such completion (including the effective date of such Bond Migration) to the Noteholders in accordance with Condition 12.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform:

(a) The DLT Platform Operator shall also, in accordance with the Platform Related Documentation, notify the Direct Participants as soon as reasonably practicable if a BCP Disruption Event or a BCP Termination Event occurs.

(b) BCP Disruption Event: Should a BCP Disruption Event occur and following the giving of the BCP Notice in relation thereto, the DLT Platform Operator shall use the last available Platform holdings report before the occurrence of a BCP Disruption Event as the back-up record of holdings for the purposes of restoring the Platform and may require Accountholders to re-enter the transactions from the previous day, each in accordance with the Platform Related Documentation. Should a BCP Disruption Event persist for five business days or more in accordance with Platform Related Documentation, a BCP Termination Event may occur in accordance with Platform Related Documentation and the relevant Conditions shall apply accordingly.

(c) BCP Termination Event and Bond Migration: Should a BCP Termination Event occur and following the giving of the BCP Notice in relation thereto, the DLT Platform Operator shall also, without consultation with any party and without any Accountholder's approval, commence a Bond Migration (as defined below) by transferring the record of Platform Beneficial Interests in the DN Notes determined by the DLT Platform Operator from the Platform to the CMUP, where the CMU will record such Platform Beneficial Interests in the DN Notes in the CMU securities accounts of the relevant Direct Participants. Following such Bond Migration, the Direct Participants will no longer hold Platform Beneficial Interests in the DN Notes and instead will hold beneficial interests in the DN Notes in the respective CMU securities accounts of the relevant CMU members. If Direct Participants held CMUP Beneficial Interests through CMU-DSI as intermediary before the Bond Migration, their migrated Platform Beneficial Interests will be merged with their CMUP Beneficial Interests into a single tier of beneficial interests held by CMU members in the respective CMU securities accounts following the Bond Migration. The CMU-DSI function will no longer exist and will also no longer hold Platform Beneficial Interests in the DN Notes, although beneficial interests (previously CMUP Beneficial Interests) held by CMU members through the CMU-DSI as intermediary will remain in the respective CMU securities accounts of the relevant CMU members.

Upon such BCP Notice in relation to a BCP Termination Event being given to Accountholders, all Accountholders (whether for their own account or acting as intermediary or custodian for investors) shall be deemed to consent to such Bond Migration in accordance with the Platform Related Documentation and shall assist the DLT Platform Operator as it directs in such Bond Migration.

Upon completion of a Bond Migration, the DLT Platform Operator shall, as soon as reasonably practicable, give notice of such completion (including the effective date of such Bond Migration) to the Accountholders, the Issuer and the Fiscal Agent in accordance with the Platform Related Documentation. The Issuer shall, as soon as reasonably practicable, give notice of such completion (including the effective date of such Bond Migration) to the Noteholders in accordance with Condition 12. Following a Bond Migration, the legal title of the DN Notes will continue to be held by the HKMA as operator of the CMU in accordance with the Register. The DN Notes will continue to be in dematerialised registered form cleared and settled through the CMUP.

Once a Bond Migration has been effected in accordance with the Platform Related Documentation, each person who is for the time being shown in the records of CMU as the holder of a particular nominal amount of such DN Notes (in which regard any certificate or other document issued by the CMU as to the nominal amount of such DN Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent and other Agents as the holder of such nominal amount of such DN Notes, and the expressions "Accountholders" shall be construed accordingly.

(d) *DLT Platform Operator or CMU is closed for business: While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform or upon a Bond Migration taking effect in accordance with the Platform Related Documentation, a relevant Accountholder (as defined in the DNN Deed of Covenant) shall be able to acquire against the Issuer the Direct Rights in accordance with the provisions of the DNN Deed of Covenant in respect of a nominal amount of DN Notes to which such relevant Accountholder is entitled, if either the DLT Platform Operator or CMU (as applicable) is: (a) closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or (b) announces an intention to permanently cease business or does in fact do so. No Accountholder shall be entitled to require the transfer of a DN Note following the acquisition of such Direct Rights.*

An investor who is not itself an Accountholder and who holds beneficial interests in or rights to any DN Notes through a Direct Participant or the CMU-DSI must look to that Direct Participant or the CMU-DSI (and any other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for the manner of obtaining any proof of holding in the exercise of any enforcement rights. If such beneficial interests are held through the CMU-DSI, a copy of the relevant securities accounts procedures of the CMU is available on the website of the CMU at https://www.cmu.org.hk/en/reference-materials and investors should refer to Section 4 (Securities Accounts) of Part I (General Information for Membership with the CMU) of the CMU Reference Manual. Any content on such website is not a part of, nor incorporated by reference into, the Conditions.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform and for the purpose of establishing the entitlement to such Direct Rights, the Issuer and the Fiscal Agent shall each be entitled to rely on the account position report or confirmation of holdings as of the day prior to the start of the relevant closed period (in the case of Direct Participants) available on the Platform or (in the case of holders of CMUP Beneficial Interests) issued by the CMU in accordance with the procedures of CMU from time to time, as applicable, with respect to the interests in the DN Notes.

13.3 In this Condition 13:

"**BCP Disruption Event**" means a circumstance in which the operations of the Platform becomes unavailable for a continuous period of at least 48 hours, including but not limited to the following key events:

(a) a Platform Incident;

(b) a Self-Executing Code Vulnerability; or

(c) a Platform Vulnerability (other than a Self-Executing Code Vulnerability);

"**BCP Termination Event**" means a termination event with regards to the provision of technology services by the Platform Provider (as defined in the Platform Related Documentation) to the DLT Platform Operator, save for expiration or a termination by convenience event;

"**Platform Incident**" means any event or circumstance (including, without limitation, a failure in or disruption of the Platform) that impairs the proper or timely functioning of the Platform, including with regards to any peer-to-peer network functionality or processing and/or validating one or more transactions on the Platform;

"**Platform Vulnerability**" means a bug, exploit, vulnerability, hacking or other dysfunction in, or event or circumstance compromising the security of, the Platform, the underlying blockchain and/or smart contract technology or the DLT Platform Operator's control thereof;

"**Self-Executing Code**" means a self-executing code in a computer programme deployed by, or with the permission of, the DLT Platform Operator on the Platform, providing for the automation, self-execution, initiation and/or processing of pre-determined actions related to the DN Notes, where relevant upon fulfilment of pre-determined conditions; and

"**Self-Executing Code Vulnerability**" means a bug, exploit, vulnerability, hacking or other dysfunction in any Self-Executing Code.

14 Currency Indemnity

The currency in which the DN Notes are denominated or, if different, payable, as specified in the Pricing Supplement (the "**Contractual Currency**"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the DN Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a DN Note in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a DN Note in respect of such DN Note the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a DN Note and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the DN Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a DN Note and no proof or evidence of any actual loss will be required by the Issuer.

15 Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any DN Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

16 Governing Law and Submission to Jurisdiction

16.1 The DNN Deed of Covenant, the DNN Agency Agreement, the DN Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, English law.

16.2 If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of the offering circular relating to the Programme dated 15 March 2024, the supplemental offering circular relating to the DN Notes dated 24 September 2024 or each agreement or document referred to therein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of a particular jurisdiction, it is hereby expressly acknowledged and accepted by the other parties thereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof (including without limitation any non-contractual obligations).

16.3 Subject to Condition 16.5 below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the DNN Deed of Covenant, the DNN Agency Agreement, the DN Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the DNN Deed of Covenant, the DNN Agency Agreement and the DN Notes (a "**Dispute**") and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

16.4 For the purposes of Conditions 16.3 to 16.5, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

16.5 To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

16.6 The Issuer irrevocably appoints HSBC Holdings plc at 8 Canada Square, London E14 5HQ as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and the Issuer agrees that, in the event of HSBC Holdings plc being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

17 Right of Third Parties

No person shall have any right to enforce any term or condition of the DN Notes under the Contracts (Rights of Third Parties) Act 1999.

PRICING SUPPLEMENT FOR THE DN NOTES

THE DN NOTES TO WHICH THIS PRICING SUPPLEMENT RELATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Pricing Supplement dated 24 September 2024

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
as Issuer
(the "**Issuer**")

U.S.$20,000,000,000
Medium Term Note Programme
(the "**Programme**")

Issue of
HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025
(the "**DN Notes**")

This document constitutes the Pricing Supplement relating to the issue of DN Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the DN Notes set forth in the supplemental offering circular dated 24 September 2024 in relation to the issue of the DN Notes (the "**Supplemental Offering Circular**") which amends and supplements the offering circular dated 15 March 2024 in relation to the Programme (the "**Programme Offering Circular**", and as supplemented by the Supplemental Offering Circular, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the DN Notes and must be read in conjunction with such Offering Circular.

This Pricing Supplement is for distribution to "**Professional Investors**" (as defined in Chapter 37 of the Rules Governing of Listing Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the DN Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis. Accordingly, the Issuer confirms that the DN Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the DN Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the DN Notes, or the Issuer or its subsidiaries (the Issuer and its subsidiaries together, the "Bank Group"), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim

any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Issuer and the Bank Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 (as modified or amended from time to time, the "**SFA**") and the Securities and Futures Act (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the DN Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of DN Notes, prospective investors should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors*" appearing on pages iv to v of the Supplemental Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)*" appearing on pages 69 to 70 of the Supplemental Offering Circular.

1	(i)	Issuer:	The Hongkong and Shanghai Banking Corporation Limited, acting through its principal office in Hong Kong
	(ii)	Specified Branch:	Not Applicable
	(iii)	Guarantor:	Not Applicable
2	(i)	Series Number	25517/2024
	(ii)	Tranche Number:	001
	(iii)	Date on which the DN Notes will be consolidated and form a single Series:	Not applicable
3	Currency or Currencies: (Condition 1.3)		Hong Kong dollars
4	Aggregate Nominal Amount:		HK$1,000,000,000
	(i)	Series:	HK$1,000,000,000
	(ii)	Tranche:	HK$1,000,000,000
5	(i)	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	Approximately HK$998,000,000
6	Issued as Units:		Not Applicable
7	Specified Denomination(s) (Condition 1.2):		HK$1,000,000 and integral multiples of HK$500,000 in excess thereof
8	Calculation Amount:		HK$500,000

9	(i)	Issue Date:	26 September 2024
	(ii)	Interest Commencement Date(if different from the Issue Date): (Condition 4.1)	Issue Date
10	Maturity Date: (Condition 5.1)		Interest Payment Date falling on or nearest to 26 September 2025
11	Interest Basis: (Condition 4)		3.60 per cent. Fixed Rate
12	Redemption/Payment Basis:		Redemption at par
13	Change of Interest or Redemption/Payment Basis:		Not Applicable
14	Put/Call Options:		Early Redemption for Taxation Reasons (Condition 5.2) and Early Redemption for Reasons of Force Majeure (Condition 5.3)
15	Date of approval for issuance of DN Notes obtained:		31 August 2023
16	Listing:		Hong Kong Stock Exchange. Such listing is expected to become effective on 27 September 2024.
17	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18	**Fixed Rate Note Provisions**		Applicable
	(i)	Interest Rate: (Condition 4.4)	3.60 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s): (Condition 4.4)	26 March and 26 September in each year, commencing on 26 March 2025 up to and including the Maturity Date, adjusted in accordance with the Modified Following Business Day Convention as set out in Condition 4.4.
	(iii)	Fixed Coupon Amount:	Each Fixed Coupon Amount shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest HK$0.01, with anything less than HK$0.01 being rounded down.
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction: (Condition 4.4)	Actual/365 (Fixed)
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
19	**Floating Rate Note Provisions**		Not Applicable
20	**Zero Coupon Note Provisions**		Not Applicable
21	**Equity-Linked Interest Note Provisions**		Not Applicable

22	**Fund-Linked Interest Note Provisions**	Not Applicable
23	**Index-Linked Interest Note Provisions**	Not Applicable
24	**Dual Currency Interest Note Provisions**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

25	**Call Option:**	Not Applicable
26	**Put Option:**	Not Applicable
27	**Maturity Redemption Amount** (Condition 5.1)	HK$500,000 per Calculation Amount
28	**Early Redemption for Taxation Reasons** (Condition 5.2)	
	(i) Early Redemption Amount (Tax):	HK$500,000 per Calculation Amount
	(ii) Date after which changes in law, etc. entitle Issuer to redeem:	24 September 2024
29	**Early Redemption for reasons of Force Majeure** (Condition 5.3)	Applicable
30	**Other Redemption Provisions:**	Not Applicable
31	**Events of Default** (Condition 6.1(a))	
	(i) Early Termination Amount:	HK$500,000 per Calculation Amount
	(ii) Any additional (or modifications to) Events of Default:	Not Applicable
32	**Winding-up of the Issuer** (Condition 6.2)	
	Early Redemption Amount:	HK$500,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE DN NOTES

33	**Form of Notes:** (Condition 1.1)	
	Digitally Native Notes:	The DN Notes will be issued in dematerialised registered form in the Currency and the Aggregate Nominal Amount specified herein and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator, and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance

		Token Record Account is recorded (which, as per (ii) above will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for completing the Register for the purpose of the issuance of the DN Notes. Capitalised terms in this paragraph 33 shall have the meanings given to them in the Terms and Conditions of the DN Notes.
34	Type of Note:	Digitally Native Notes
35	Relevant Financial Centre Day(s) or other special provisions relating to Payments: (Condition 8.4)	Hong Kong
36	Unmatured Coupons missing upon Early Redemption:	Not Applicable
37	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
38	Details relating to partly paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
39	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
40	Additional payment provisions:	Not Applicable
41	Reference Asset Components:	Not Applicable
42	Other terms or special conditions:	The Terms and Conditions set forth in the Supplemental Offering Circular as amended and supplemented by this Pricing Supplement apply to the DN Notes and the terms and conditions set out in the Programme Offering Circular do not apply to the DN Notes

DISTRIBUTION

43	If syndicated, name of Managers:	The Hongkong and Shanghai Banking Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited

44	If non-syndicated, name of Relevant Dealer:	Not Applicable
45	Selling Restrictions:	As more fully described in the Offering Circular
	United States:	Category 2
	Other:	Not Applicable
46	Stabilisation Institution:	The Hongkong and Shanghai Banking Corporation Limited
47	Additional U.S. federal income tax considerations:	Not Applicable
48	**PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT**	
	(i) Rebates:	Not Applicable
	(ii) Contact email address of the Overall Coordinator where underlying investor information in relation to omnibus orders should be sent:	Hk_syndicate_omnibus@hsbc.com.hk
	(iii) Marketing and Investor Targeting Strategy:	As indicated in the Supplemental Offering Circular

OPERATIONAL INFORMATION

49	LEI:	2HI3YI5320L3RW6NJ957
50	ISIN Code:	HK0001058715
51	Common Code:	Not Applicable
52	Clearing System(s):	The DN Notes will be cleared and settled through the CMU as the Central Securities Depositary and DLT Platform Operator
53	Common Depositary/Lodging Agent:	Not Applicable
54	CMU Instrument Number:	ORNHKB24005
55	DLT Platform Operator:	CMU
56	DLT Platform Name:	HSBC Orion[1]
57	DLT Platform Type:	Canton / Hyperledger Fabric
58	Settlement Procedures:	See the section entitled "*Overview of the Platform and Clearing, Settlement and Operational Information*" in the Supplemental Offering Circular
59	Delivery:	Delivery versus Payment
60	Additional Paying Agent(s) (if any):	Not Applicable

[1] HSBC Orion refers to the distributed ledger technology platform deployed by The Hongkong and Shanghai Banking Corporation Limited to CMU as the DLT Platform Operator for the purposes of, among other things, creating and settling the DN Notes.

61	The Agents appointed in respect of the DN Notes:	The Hongkong and Shanghai Banking Corporation Limited as the Fiscal Agent, the Principal Paying Agent and the Registrar
62	Calculation Agent:	As may be appointed by the Issuer under Condition 5.3, provided that none of the Fiscal Agent, the Principal Paying Agent or the Registrar shall be appointed and acting as the Calculation Agent

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of DN Notes described herein pursuant to the U.S.$20,000,000,000 Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

By: _____

Duly authorised

OVERVIEW OF THE PLATFORM AND CLEARING, SETTLEMENT AND OPERATIONAL INFORMATION

The following provides an overview of the Platform, the roles of certain parties to the transaction, and certain operational information relating to the DN Notes and transactions therein, as at the date of this Supplemental Offering Circular. This information is subject to change during the term of the DN Notes, in particular if the Business Continuity Plan is required to be implemented. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Platform and the CMU currently in effect (which are not incorporated by reference into nor do they form a part of the Offering Circular or this Supplemental Offering Circular). The information in this section concerning the Platform and the CMU has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Joint Lead Managers, the Agents, the DLT Platform Operator or the Platform Provider takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Platform and the CMU are advised to confirm the continued applicability of the rules, regulations and procedures of the Platform and the CMU. Neither the Issuer nor any other party to the DNN Agency Agreement will have any responsibility or liability for any aspect of (i) the on-Platform Issuance Token Record and (ii) the Platform Beneficial Interest Record of the DN Notes in Digital Token Accounts or for maintaining, supervising or reviewing any such records. There are risks associated with the use of the Platform and related technologies. For more details, see "Investment Considerations – Considerations relating to the DN Notes", "Investment Considerations – Considerations relating to the use of the Platform and holding structures for the DN Notes" and "Investment Considerations – Considerations relating to the Legal and Regulatory Treatment of Blockchain Technology" of this Supplemental Offering Circular.

THE PLATFORM

The Platform is an online platform using DLT operated by the DLT Platform Operator as an extension of the CMU, used for, including but not limited to, the recording and updating of the Issuance Token Record Account and while the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the recording of the issuance, settlement, transfer, redemption and cancellation of Platform Beneficial Interests in the DN Notes, and pursuant to which (i) the on-Platform Issuance Token Record Account serves as the definitive data source for the entry of the HKMA as operator of the CMU as the sole legal title holder to the DN Notes in the Register by the Registrar, at the instruction of the Issuer, for the purpose of the issuance of the DN Notes; (ii) the Direct Participants may manage their holdings of Platform Beneficial Interests in the DN Notes in their respective Digital Token Accounts for their own account and/or in a custodian or intermediary capacity and (iii) the CMU-DSI may hold Platform Beneficial Interests in the DN Notes in its Digital Token Account acting as digital securities intermediary for members of the CMU, all in accordance with the Platform Related Documentation. The Platform relies on materials, software, equipment, systems or other intellectual property held by or licensed by third party service providers, including (i) DAML as smart contract language technology; (ii) Hyperledger Fabric, private and permissioned enterprise blockchain technology; and (iii) Canton Network.

In recent years, the term "blockchain" has often been used synonymously with inefficiency and disproportionate energy consumption. These claims often point to a single component of the technology, the consensus mechanism. However, blockchain technology is not homogenous, and the amount of energy consumed by different consensus mechanisms varies by several orders of magnitude. Moreover, contrary to often heard statements, energy consumption does not necessarily grow with the number of transactions executed.

The Platform relies on the Hyperledger Fabric blockchain baselayer which is based on the RAFT consensus algorithm. Although the exact environmental impact of running the Platform has not been calculated by the

DLT Platform Operator, the RAFT algorithm involves significantly less computing power than other consensus mechanisms, such as proof of work.

FORM OF, AND LEGAL TITLE TO, THE DN NOTES

The DN Notes will be issued in dematerialised registered form. The DN Notes shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator, and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above, will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. The Issuer shall procure the Registrar to maintain the Register in accordance with the Conditions.

In the context of the DN Notes, therefore, "digitally native" describes the on-Platform component that is critical to the valid constitution, issuance and creation of such DN Notes. Accordingly, as the DN Notes cannot validly come into existence without the Issuance Token Record Account having been digitally created on the Platform, they possess a "digitally native" quality. However, there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native". See "*Investment Considerations – Considerations relating to the DN Notes – The DN Notes will be in dematerialised registered form on the Issue Date with no physical certificate and there is no universal legal, statutory or regulatory definition under English law or Hong Kong law of, nor settled market consensus on, the term "digitally native"*".

The DN Notes will have the benefit of the DNN Deed of Covenant entered into by the Issuer (i) to record its promise to pay Noteholders and (ii) for the acquisition of direct rights by the Accountholders against the Issuer, in each case in the circumstances set out in the DNN Deed of Covenant and relating to the DN Notes only (and not to any other series of notes issued under the Programme).

The initial on-Platform record of the DN Notes in the Issuance Token Record Account serves as the definitive data source for registering HKMA as operator of the CMU as the sole legal title holder to the DN Notes in the Register by the Registrar at the instruction of the Issuer for the purpose of the issuance of the DN Notes. The Register is the definitive record of legal title to the DN Notes and legal title to the DN Notes passes by entry in the Register. Accordingly, any person whose name is registered in the Register shall be treated by the Issuer, the DLT Platform Operator and all other interested parties as the legal owner of that DN Note for all purposes and no person shall be liable for so treating them. Other than the Register, no physical certificate or other document evidencing legal title to a DN Note will be issued by, or on behalf of, the Issuer.

BENEFICIAL INTERESTS IN THE DN NOTES

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, any reference to beneficial interests in or rights to any DN Notes shall mean: (i) "Platform Beneficial Interests", which means the beneficial interests in DN Notes recorded in the relevant Digital Token Accounts maintained on the Platform and held by Direct Participants and CMU-DSI, (ii) "CMUP Beneficial Interests", which means the beneficial interests in and rights corresponding to such DN Notes held in relevant securities accounts in the CMUP held through CMU-DSI on Platform, (iii) beneficial interests held away from the CMUP through intermediary or custody arrangements with a Direct Participant, which for the avoidance of

doubt does not incorporate the CMU-DSI in or through the holding chain, and/or (iv) any further beneficial interests down the custodian chain, as applicable. The records of the DLT Platform Operator of the Platform Beneficial Interests, being the amalgamated balance of all Digital Token Accounts, shall be the definitive record of Platform Beneficial Interests, being the Platform Beneficial Interest Record and be conclusive and binding on all Accountholders. The definitive record of CMUP Beneficial Interests shall be the books and records of CMUP maintained by the CMU.

Platform Beneficial Interests in a DN Note will be recorded in the Digital Token Account of the relevant Accountholder. Platform Beneficial Interests in a DN Note shall pass upon the debiting of record of such DN Note from the relevant transferor Accountholder's Digital Token Account and corresponding crediting to the transferee Accountholder's Digital Token Account in the Platform Beneficial Interest Record, in accordance with the Conditions, the Platform Related Documentation and the relevant procedures of the DLT Platform Operator.

The DLT Platform Operator has the responsibility for recording Platform Beneficial Interests (including any record of transfers) in any DN Note in the Platform Beneficial Interest Record and have functional control of the Issuance Token Record Account. For the avoidance of doubt, in the case where the Platform Beneficial Interest Record is debited from one Digital Token Account of an Accountholder and correspondingly credited into another Digital Token Account of the same Accountholder, there is no change in beneficial holder of Platform Beneficial Interests, although the debit and credit shall be recorded in the Platform Beneficial Interest Record.

The DLT Platform Operator will reconcile the Platform Beneficial Interest Record with an off-Platform schedule of Platform Beneficial Interests on a daily basis in accordance with the Platform Related Documentation. In addition, an Accountholder (including the CMU-DSI) could also instruct the Platform to send to such Accountholder a statement of holdings for each Digital Token Account of such Accountholder.

Entitlement to any CMUP Beneficial Interests in the DN Notes will be reflected in accordance with the relevant procedures of the CMU and entitlement to any other beneficial interests in the DN Notes will be reflected in accordance with the procedures of the relevant custody arrangements.

THE PLATFORM RELATED DOCUMENTATION

The operation and functionality of the Platform will be governed by the Platform Related Documentation established and maintained by the DLT Platform Operator from time to time. The Platform Related Documentation includes the terms and conditions governing the use of CMU and the Platform which are applicable to the DN Notes, including but not limited to the reference manual relating to the operation of the CMU issued by the HKMA to CMU members, as amended from time to time (the "**CMU Reference Manual**") and supplements thereto in relation to the operation of the Platform, the rulebook and terms of use of the Platform, as each is entered into and/or published by the CMU and in force from time to time as may be replaced or superseded. For the avoidance of doubt, the CMU Reference Manual and the Platform Related Documentation are not incorporated by reference into nor do they form a part of the Offering Circular or this Supplemental Offering Circular.

THE PLATFORM TOKENS

There are three types of tokens which will be minted and utilised on the Platform:

- **Issuance Tokens:** Issuance tokens (the "**Issuance Token**") will be minted for the primary issuance stage and for the following purposes: (i) the on-Platform definitive data source for entry in the Register for the purpose of the issue of the DN Notes and (ii) the operational purpose of reconciling the record of the

Platform Beneficial Interests. Each Issuance Token contains internal operational information on the Platform including the Aggregate Nominal Amount of the DN Notes and will be created in the Issuance Token Record Account in respect of the issuance of the DN Notes.

- **Digital Bond Tokens:** Digital Bond Tokens are an on-Platform record of Platform Beneficial Interests in the DN Notes and will be minted, recorded, held, transferred and, upon maturity, marked as "redeemed", among other things, in the Digital Token Account(s) of Accountholders (including in the Digital Token Account of the CMU-DSI as an intermediary for investors holding their CMUP Beneficial Interests in the DN Notes as a member of the CMU in the CMUP). The balance of Digital Bond Tokens in an Accountholder's Digital Token Account will represent a record of Platform Beneficial Interests in the DN Notes held by such Accountholder in such account. The Platform Beneficial Interest Record maintained by the DLT Platform Operator is definitive and shall be conclusive and binding on all the Accountholders.

- **Settlement Tokens:** Settlement Tokens are operationally minted in the relevant Accountholder's name solely to facilitate settlement of transactions on a delivery-versus-payment basis relating to a transfer of Digital Bond Tokens (which represent Platform Beneficial Interests in the DN Notes) on-Platform between Accountholders and the transfer of a corresponding amount of fiat cash off-Platform which reflects the consideration for such transaction. The Settlement Tokens are records of the DLT Platform Operator in respect of a money claim a Direct Participant has against the DLT Platform Operator in respect of an amount held in the DLT Platform Operator's account with the Deposit Bank (as defined in the Conditions) for DLT Platform Operator's record keeping purposes, and are ephemeral, existing intraday only.

THE HOLDING OF BENEFICIAL INTERESTS IN THE DN NOTES

Platform Beneficial Interests in the DN Notes will be held in Digital Token Accounts opened by Accountholders on the Platform. Accountholders comprise Direct Participants and CMU-DSI. Direct Participants must be on-boarded onto the Platform by the DLT Platform Operator in accordance with Platform Related Documentation before it can participate as a Direct Participant and Accountholder in the DN Notes or any other notes utilising the Platform. The DLT Platform Operator may admit additional Direct Participants onto the Platform from time to time (who may or may not hold Platform Beneficial Interests in the DN Notes on Platform), subject to compliance with certain requirements, including but not limited to acceding to the Platform Related Documentation. Any Direct Participant onboarded onto the Platform may hold Platform Beneficial Interests in the DN Notes (subject to the Platform Related Documentation) and investors may hold beneficial interests in the DN Notes through any such Direct Participant.

Investors in the DN Notes who are not themselves Accountholders will be able to hold any beneficial interests in or rights to the DN Notes through the CMU-DSI or a Direct Participant (either directly or indirectly) acting as an intermediary and/or custodian, as applicable. If such investors are holding beneficial interests on CMUP through CMU-DSI, it holds CMUP Beneficial Interests in the DN Notes.

Accordingly, Accountholders may hold Platform Beneficial Interests in the DN Notes as custodian or intermediary, as applicable, for investors (in which case, beneficial interests in the DN Notes will be held for investors entitled thereto) or, where the Accountholder is not the CMU-DSI, for themselves (in which case, the DN Notes will be held as proprietary investments). When acting as custodian or intermediary, where the Accountholder is not the CMU-DSI, each Accountholder is expected to use its own, non-DLT custody or intermediary system (and not the Platform) for recording the entitlement of the investors for whom it holds DN Notes, and where the Accountholder is the CMU-DSI, the relevant investors hold CMUP Beneficial Interests in accordance with the relevant procedures of the CMU.

Direct Participants will be able to open multiple Digital Token Accounts on the Platform in relation to the DN Notes. Each Digital Token Account will be opened in the name of a Direct Participant only, and may utilise a

naming convention which will include information on whether the Digital Token Account will be used for holding beneficial interests in the DN Notes on behalf of investors or for proprietary holdings of that Direct Participant. It is currently anticipated that each Direct Participant will open a separate Digital Token Account for holding DN Notes for each investor for which it holds Platform Beneficial Interests in the DN Notes, but may elect to open omnibus accounts for holding DN Notes on behalf of two or more investors.

Investors who are not themselves Accountholders will only be able to exercise their rights attaching to the beneficial interests in the DN Notes (including receipt of interest and principal due under the DN Notes, and exercising voting rights in respect of any resolutions proposed to the Noteholders) through their Accountholder (and any other relevant intermediary or custodian through which they hold their beneficial interests in the DN Notes in), save as required or provided by law. Accordingly, this entails (but is not limited to) the following:

Payments of interest and principal

Payments of interest and principal in fiat cash in respect of the DN Notes shall be made via Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**") off-Platform in Hong Kong dollars by the Issuer (or by the Principal Paying Agent acting on its behalf acting on its instruction) to, or to the order of, the DLT Platform Operator. Such amounts will be paid by the Issuer (or by the Principal Paying Agent on its behalf) in full off-Platform to a Cash Account (as defined in the Conditions) in the name of the DLT Platform Operator as notified to the Principal Paying Agent by the CMU. The DLT Platform Operator will, promptly upon receipt of such amounts in its Cash Account, (i) transfer payment of the relevant amounts so received to the respective Cash Accounts of the entitled Direct Participants and (ii) as CMU-DSI, transfer payment of the relevant amount so received to the respective accounts of the entitled CMUP Beneficial Interests holders in accordance with the procedures of the CMU. An investor who is not itself a Direct Participant or a CMUP Beneficial Interests holder and who holds beneficial interests in or rights to any DN Notes outside CMUP through a Direct Participant or a CMUP Beneficial Interests holder must look to such Direct Participant or CMUP Beneficial Interests holder (and any other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for receipt of its share of the payments so made. The DLT Platform Operator (including CMU-DSI) will not be (i) responsible for the onward transmission of any such amounts by a Direct Participant or CMUP Beneficial Interests holder (and any other intermediary or custodian of such Direct Participant or CMUP Beneficial Interests holder) to investors holding their beneficial interests in or rights to DN Notes through such Direct Participant or CMUP Beneficial Interests holder (or any other intermediary or custodian of such Direct Participant or CMUP Beneficial Interests holder) and (ii) liable for any delay or failure in the onward transmission of such amounts by the relevant Direct Participant or CMUP Beneficial Interests holder (and any other intermediary or custodian of such Direct Participant or CMUP Beneficial Interests holder). Investors must, therefore, look to the Direct Participant (and any other intermediary or custodian) or CMUP Beneficial Interests holder (and any other intermediary or custodian) through which they hold beneficial interests in or rights to the DN Notes (as appropriate) for the onward payment to them of any payment made by the Issuer and the DLT Platform Operator. Such investors will have recourse only to the Direct Participant or CMUP Beneficial Interests holder (or any other intermediary or custodian of such Direct Participant or CMUP Beneficial Interests holder) through which they hold their beneficial interests in or rights to the DN Notes.

Upon a Bond Migration taking effect in accordance with the Platform Related Documentation, any payment that is made in respect of a DN Note shall be made by the Issuer (or by the Principal Paying Agent acting on its behalf and on its instruction) to, or to the order of, the CMU. The CMU will, promptly upon receipt of such amounts, transfer payment of the relevant amounts so received directly to the person(s) shown in the records of the CMU or otherwise prior to any relevant payment date as being credited with the interest(s) in such DN Note in accordance with the rules and procedures of the CMU from time to time. And such payments by the Issuer (or by the Principal Paying Agent acting on its behalf and on its instruction) to, or to the order of, the CMU shall discharge the obligation of the Issuer in respect of that payment under such DN Note. Members of the

CMU who hold CMUP Beneficial Interests on CMUP must look to the CMU for the onward payment to them of any payment made by the Issuer.

Transfer of legal title to the DN Notes

Legal title to the DN Notes passes by entry in the Register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the DNN Agency Agreement. The on-Platform recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account serves as the definitive data source for entry in the Register of the HKMA (as operator of the CMU) as sole legal title holder to the Aggregate Nominal Amount of the DN Notes for the purposes of the issuance of the DN Notes. The Register is the definitive record of legal title to the DN Notes and, other than the Register, no physical document or certificate of title will be issued in respect of the DN Notes. A DN Note may, upon the terms and subject to the conditions set forth in the DNN Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, a Specified Denomination). Any residual holding of a DN Note with a denomination of less than the minimum Specified Denomination may not be transferred. To effect a transfer, the definitive record of legal title to the DN Notes shall be updated in the Register by the Registrar.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, no transfer of legal title to the DN Notes is expected.

Transfer of beneficial interests in the DN Notes

A transfer of Platform Beneficial Interests in the DN Note may only be recorded in a Digital Token Account in a nominal amount equal to a Specified Denomination. Any record of a residual holding of Platform Beneficial Interests in a DN Note with a denomination of less than the minimum Specified Denomination may not be transferred. All records of transfers of the Platform Beneficial Interests in the DN Notes and entries on the Platform will be made in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator. Records of transfers of the Platform Beneficial Interests in the DN Notes will be effected, and may only be effected, through the Platform and may, subject as provided in the Platform Related Documentation, only be between Accountholders. Such record of transfers of the absolute ownership of Platform Beneficial Interests in the DN Notes between Accountholders may, (i) if both the transferor and transferee are Direct Participants, require instructions to be provided via the Platform by both the transferor and transferee, or (ii) if one of the transferor or transferee is CMU-DSI, require instructions to be provided on the Platform by both the transferor and the transferee concurrently with, among other things, instruction to the CMUP by the relevant holder of CMUP Beneficial Interests who is settling the transfer through CMU-DSI (where such holder's CMUP Beneficial Interests are transferred in accordance with the paragraph below), and in each case will be effected through recording the debiting of record of the Platform Beneficial Interests in the DN Notes from the transferor's Digital Token Account and crediting of record of the Platform Beneficial Interests in the DN Notes to the transferee's Digital Token Account. Only the DLT Platform Operator has the responsibility for recording the absolute ownership of Platform Beneficial Interests in any DN Note in the Platform Beneficial Interest Record (including any record of transfers).

A transfer of any other beneficial interests in the DN Notes will be effected in accordance with (if such beneficial interests are CMUP Beneficial Interests and held through the CMU-DSI) the relevant procedures of the CMU and/or (if such beneficial interests are held through a Direct Participant) the procedures of the relevant custody arrangements, and, depending on how such transfer of beneficial interests is effected, may or may not result in a transfer of a record of Platform Beneficial Interests on the Platform in accordance with the relevant procedures of the DLT Platform Operator as set out in the paragraph above.

Transfers of Platform Beneficial Interests in DN Notes to or from any Digital Token Account shall be effected to the relevant Accountholder by the DLT Platform Operator, but upon payment by the relevant Accountholder

of any fee, tax, duty, assessment or other governmental charges that may be imposed in relation to such record of transfer (or the giving of such indemnity as the DLT Platform Operator may require).

No Accountholder shall be entitled to record a transfer of any Platform Beneficial Interests in the DN Note to or from the relevant Digital Token Account:

(i) during the period from (and including) 11:30 p.m. (Hong Kong time) on the Platform Business Day (as defined in the Conditions) immediately preceding the Maturity Date and ending on (and including) the Maturity Date;

(ii) in the circumstances described in Condition 8.2 of the Conditions and the Platform Related Documentation;

(iii) during a BCP Disruption Event or a BCP Termination Event (other than for the purpose of a Bond Migration in accordance with the Platform Related Documentation); or

(iv) where it has acquired Direct Rights in accordance with the DNN Deed of Covenant, in each case in respect of all or part of the Platform Beneficial Interests in the DN Notes held by it pursuant to the Platform Related Documentation.

Save as otherwise required or provided by law, a holder of a beneficial interests in or right to any DN Notes (other than Platform Beneficial Interests) or an investor wishing to acquire any such beneficial interests in or rights to any DN Notes (and which, in either case, is not itself an Accountholder) via the Accountholders will be required (i) to provide instructions to the Accountholder through which it holds, or wishes to acquire, its Platform Beneficial Interests in or rights to the DN Notes or (ii) if applicable, provide instructions to such other intermediary through which its beneficial interests in or rights to the DN Notes is held and procure that such intermediary or custodian provides instructions to the relevant Accountholder. In relation to transfers of Platform Beneficial Interests in the DN Notes on the Platform between Digital Token Accounts, only an Accountholder will be able to input instructions on the Platform to effect the record of transfers of Platform Beneficial Interests in the DN Notes from a Digital Token Account opened by such Accountholder to any other Digital Token Account on the Platform.

Any transfer of CMUP Beneficial Interests in the DN Notes which are held (i) on CMUP will be effected in accordance with the relevant procedures of the CMU and (ii) through a Direct Participant will be effected in accordance with the procedures of the relevant custody arrangements, and, depending on how such transfer of beneficial interests is effected, may or may not result in a record of transfer of Platform Beneficial Interests in the DN Notes on the Platform.

Voting

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform or upon a Bond Migration (as defined in the Platform Related Documentation) taking effect in accordance with the Platform Related Documentation, the Issuer and the Fiscal Agent shall each be entitled to rely on the account position report or confirmation of holdings as of the day prior to the start of the relevant closed period (in the case of Direct Participants) available on the Platform or (in the case of holders of CMUP Beneficial Interests) issued by the CMU in accordance with the procedures of CMU from time to time, as applicable, with respect to the interests in the DN Notes, which shall be conclusive and binding for the purpose of determining each person who is entitled to provide instructions to the Fiscal Agent or the Registrar for the purposes of appointing proxies or attending meetings of the Holders of the DN Notes.

An investor that is not an Accountholder and wishing to vote on any resolution put to the Noteholders, must instruct their Accountholder (or, if applicable, relevant intermediary or custodian, who shall instruct the relevant

Accountholder) to give the necessary instructions as may be appropriate from time to time in order to give effect to the investor's wishes, subject to applicable law.

Notices

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform or upon a Bond Migration taking effect in accordance with the Platform Related Documentation, notices required to be given to the Noteholders pursuant to the Conditions shall be validly given if delivered by the Fiscal Agent on behalf of the Issuer by email to the DLT Platform Operator or (upon a Bond Migration) to the CMU (in accordance with the relevant procedures of CMU). Any such notice shall be deemed to have been given on the day on which such notice was given to the DLT Platform Operator or (as applicable) the CMU (in accordance with the relevant procedures of CMU).

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the DN Notes have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the DLT Platform Operator shall forward onto the Direct Participants and holders of CMUP Beneficial Interests any notices to Noteholders which have been delivered by the Fiscal Agent on behalf of the Issuer by email to the DLT Platform Operator in accordance with Condition 12 of the Conditions.

An investor who holds beneficial interests in or rights to any DN Notes through a Direct Participant or any other custodian or intermediary must look to that Direct Participant or other custodian or intermediary through which it holds its beneficial interests in or rights to the DN Notes for the receiving of any such notices.

BUSINESS CONTINUITY PLAN

The BCP specifies the processes and procedures that the DLT Platform Operator has in place to ensure that the DLT Platform Operator continues to operate or resumes its operation of its functionalities and obligations under the Platform Related Documentation upon the occurrence of a BCP Disruption Event or BCP Termination Event. The DLT Platform Operator shall, in accordance with the Platform Related Documentation, notify the Issuer, Direct Participants and the Fiscal Agent as soon as reasonably practicable if a BCP Disruption Event or a BCP Termination Event occurs.

BCP Disruption Event

In the event of a BCP Disruption Event, the BCP focuses on ensuring business continuity in the eventuality of such events.

In the event of the occurrence of a BCP Disruption Event, whereby the Platform becomes unavailable for a period greater than 48 hours, a layered BCP will be executed (with support from the Platform Provider) as follows:

(a) In the event that data corruption is identified, the DLT Platform Operator would utilise a previous back-up of the Platform Beneficial Interest Record maintained by the Platform Provider and require Accountholders to re-enter the transactions from the previous day. Accountholders will be required to retain trade data (e.g., in a SWIFT queue) for this purpose.

(b) A failure at a GCP service level is not handled with the current technology solution and, as an outage at GCP would impact all Accountholders and the DLT Platform Operator (and Platform Provider) equally, there is limited value in, for example, faxing or using another alternative communication channel to give trade instructions to the DLT Platform Operator. Instead, it would be proposed that all transactions on

the Platform are stayed and entered upon the recovery of the Platform and settled at the earliest opportunity.

(c) The occurrence of a data corruption event or Platform Incident will render the Platform Beneficial Interest Record inoperable and unavailable. Accordingly, the DLT Platform Operator will follow steps set out in the Platform Related Documentation in connection with recovering the Platform.

Should a BCP Disruption Event occur and following the giving of the BCP Notice in relation thereto, the DLT Platform Operator shall use the last available Platform holdings report before the occurrence of a BCP Disruption Event as the back-up record of holdings for the purposes of restoring the Platform and may require Accountholders to re-enter the transactions from the previous day, each in accordance with the Platform Related Documentation. Should a BCP Disruption Event persist for five (5) business days or more in accordance with Platform Related Documentation, a BCP Termination Event may occur in accordance with Platform Related Documentation and the relevant provisions of the Conditions shall apply accordingly.

BCP Termination Event

In the event of the occurrence of a BCP Termination Event and following the giving of the BCP Notice in relation thereto by the Issuer, the DLT Platform Operator shall, in accordance with the Platform Related Documentation, without consultation with any party and without any Accountholders' approval, commence a Bond Migration by transferring the record of Platform Beneficial Interests to the DN Notes determined by the DLT Platform Operator from the Platform to the CMUP, where the CMU will record such Platform Beneficial Interests in the DN Notes in the CMU securities accounts of the relevant Direct Participants. Following such Bond Migration, the Direct Participants will no longer hold Platform Beneficial Interests in the DN Notes and instead will hold beneficial interests in the DN Notes in the respective CMU securities accounts of the relevant CMU members. If Direct Participants held CMUP Beneficial Interests through CMU-DSI as intermediary before the Bond Migration, their migrated Platform Beneficial Interests will be merged with their CMUP Beneficial Interests into a single tier of beneficial interests held by CMU members in the respective CMU securities accounts following the Bond Migration. The CMU-DSI function will no longer exist and will also no longer hold Platform Beneficial Interests in the DN Notes, although beneficial interests (previously CMUP Beneficial Interests) held by CMU members through the CMU-DSI as intermediary will remain in the respective CMU securities accounts of the relevant CMU members.

Upon such BCP Notice in relation to a BCP Termination Event being given to Accountholders, all Accountholders (whether for their own account or acting as intermediary or custodian for investors) shall be deemed to consent to such Bond Migration in accordance with the Platform Related Documentation and shall assist the DLT Platform Operator as it directs in such Bond Migration. See also "*Risk Factors – Risks Related to the DN Notes – The record of Platform Beneficial Interests in the DN Notes may be migrated to the CMUP in the case of a BCP Termination Event*".

Upon completion of a Bond Migration, the DLT Platform Operator shall, as soon as reasonably practicable, give notice of such completion (including the effective date of such Bond Migration) to the Accountholders, the Issuer and the Fiscal Agent in accordance with the Platform Related Documentation. The Issuer shall, as soon as reasonably practicable, give notice of such completion (including the effective date of such Bond Migration) to the Noteholders in accordance with Condition 12 of the Conditions. Following a Bond Migration, the legal title of the DN Notes will continue to be held by the HKMA as operator of the CMU in accordance with the Register. The DN Notes will continue to be in dematerialised registered form cleared and settled through the CMUP.

Upon the occurrence of a BCP Disruption Event or BCP Termination Event, the DLT Platform Operator will (with support from the Platform Provider) undertake the following activities:

(a) use the last available Platform holdings report corresponding to the Platform Beneficial Interest Record before the occurrence of a BCP Disruption Event or BCP Termination Event as the back-up record of holdings for the purposes of restoring the Platform or effecting the Bond Migration, as applicable, each in accordance with the Platform Related Documentation;

(b) review such holdings report and verify the accuracy of the report through a reconciliation of the record of the DN Notes;

(c) if the DLT Platform Operator considers the holdings report is accurate, it will commence the BCP Disruption Event recovery or the Bond Migration, as applicable, each in accordance with the Platform Related Documentation; and

(d) where there is an inaccuracy, discrepancy or any other issue which the DLT Platform Operator considers necessary to verify the validity of the holdings report, it will inform the Issuer and request that the relevant Direct Participant confirm their holdings of the relevant DN Notes and whether there are any transactions pending settlement through the Platform (with evidence as necessary). Once the DLT Platform Operator has reasonably satisfied itself as to the accuracy and completeness of the relevant records, the DLT Platform Operator will either:

    (i) be able to treat the back-up record of holdings as the definitive Platform Beneficial Interest Record as a substitute for the Platform until such time as the BCP Disruption Event is resolved, the Platform is recovered and resumes service; or

    (ii) continue with the Bond Migration in accordance with the Platform Related Documentation.

In this section:

"**BCP**" means the business continuity plan set out in the Platform Related Documentation;

"**BCP Disruption Event**" means a circumstance in which the operations of the Platform becomes unavailable for a continuous period of at least 48 hours, including but not limited to the following key events:

(a) a Platform Incident;

(b) a Self-Executing Code Vulnerability; or

(c) a Platform Vulnerability (other than a Self-Executing Code Vulnerability);

"**BCP Termination Event**" means a termination event with regards to the provision of technology services by the Platform Provider (as defined in the Platform Related Documentation) to the DLT Platform Operator, save for expiration or a termination by convenience event;

"**Bond Migration**" means the migration by the DLT Platform Operator of the record of the DN Notes to the CMUP in accordance with the relevant procedures of the CMU and the other actions contemplated by the Platform Related Documentation as may be conducted by the DLT Platform Operator in relation thereto;

"**GCP**" means Google Cloud Platform, being the Platform Provider's cloud service provider;

"**Platform Incident**" means any event or circumstance (including, without limitation, a failure in or disruption of the Platform) that impairs the proper or timely functioning of the Platform, including with regards to any peer-to-peer network functionality or processing and/or validating one or more transactions on the Platform;

"**Platform Vulnerability**" means a bug, exploit, vulnerability, hacking or other dysfunction in, or event or circumstance compromising the security of, the Platform, the underlying blockchain and/or smart contract technology or the DLT Platform Operator's control thereof;

"**Self-Executing Code**" means a self-executing code in a computer programme deployed by, or with the permission of, the DLT Platform Operator on the Platform, providing for the automation, self-execution, initiation and/or processing of pre-determined actions related to the DN Notes, where relevant upon fulfilment of pre-determined conditions; and

"**Self-Executing Code Vulnerability**" means a bug, exploit, vulnerability, hacking or other dysfunction in any Self-Executing Code.

ACQUISITION OF DIRECT RIGHTS

Each Accountholder shall:

(i) if either the DLT Platform Operator or, upon a Bond Migration taking effect in accordance with the Platform Related Documentation, CMU is: (a) closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or (b) announces an intention to permanently cease business or does in fact do so; or

(ii) upon an Event of Default occurring or there shall have occurred a winding-up of the Issuer in Hong Kong (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved by an Extraordinary Resolution of Noteholders),

in each case acquire against the Issuer the Direct Rights (as defined in the DNN Deed of Covenant) in accordance with the provisions of the DNN Deed of Covenant in respect of a nominal amount of DN Notes up to the aggregate nominal amount in respect to which such Platform Beneficial Interests relate. No Accountholder shall be entitled to require the transfer of a DN Note following the acquisition of such Direct Rights.

An investor who is not itself an Accountholder and who holds beneficial interests in or rights to any DN Notes through a Direct Participant or the CMU-DSI must look to that Direct Participant or the CMU-DSI (and any other intermediary or custodian) through which it holds its beneficial interests in or rights to the DN Notes for the giving of any default notice and/or the manner of obtaining any proof of holding in the exercise of any enforcement rights.

While the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform and for the purpose of establishing the entitlement to such Direct Rights, the Issuer and the Fiscal Agent shall each be entitled to rely on the account position report or confirmation of holdings as of the day prior to the start of the relevant closed period (in the case of Direct Participants) available on the Platform or (in the case of holders of CMUP Beneficial Interests) issued by the CMU in accordance with the procedures of CMU from time to time, as applicable, with respect to the interests in the DN Notes.

INITIAL SUBSCRIPTION OF THE DN NOTES

The issue and subscription of the DN Notes on the Issue Date are operationally divided into three different phases, with the last two phases taking place on the Platform.

Bookbuilding phase

Investors who, following the book-building for the initial issue and subscription of the interests in the DN Notes, are allocated any beneficial interests in or right to DN Notes, will be required to appoint a Direct Participant or hold through CMU-DSI (or to an appoint another intermediary or custodian which in turn appoints (or holds the interests in the DN Notes through) an Accountholder) to act as its custodian or intermediary, to subscribe for and hold the interests in the DN Notes on the Platform on its behalf.

An investor will be required to pay the subscription moneys for the portion of beneficial interests in or rights to the DN Notes to which it is allocated in Hong Kong dollars to the relevant Accountholder (or other intermediary or custodian) subscribing for the DN Notes on its behalf, for value on the Issue Date (or on such earlier date as may be required) in order to obtain its beneficial interests in or rights to the DN Notes upon issue.

Issuance and takedown phase

Prior to or on the Issue Date, the Fiscal Agent, at the instruction of and on behalf of the Issuer, will manually input onto the Platform (i) the necessary data which the Platform will utilise for the creation of the Issuance Token and the Digital Bond Tokens of the DN Notes and (ii) the Issuer's cash account details for receipt of proceeds for the DN Notes. When sufficient funds are prefunded in an off-Platform account of the Sole Global Coordinator acting as the settlement manager (in such capacity itself or through its appointed Direct Participant on the Platform, the "**Settlement Manager**"), the Settlement Manager will, subject to receipt of customary conditions precedent under the Subscription Agreement (as defined herein), send a SWIFT instruction onto the Platform. The Platform will in a single atomic delivery-versus-payment settlement, (i) effect cash transfer of the subscription moneys of the DN Notes by sending SWIFT instruction off-Platform to debit the Settlement Manager's account and credit the Issuer's account in an amount equal to such subscription moneys of the DN Notes and (ii) mint the Issuance Token in the Issuance Token Record Account on the Platform and (iii) mint all the Digital Bond Tokens of the DN Notes into a Digital Token Account of the Settlement Manager on the Platform. Thus, the "issuance and takedown phase" of the issuance flow has completed both off- and on-Platform in accordance with the Platform Related Documentation and relevant procedures of the CMU, pursuant to which the settlement of the DN Notes have been effected within the CMU and settlement of fiat cash off-Platform are final.

Allocation phase

Once the issuance and takedown phase has concluded, the Settlement Manager will carry out the allocation, which will involve the transfer of DN Notes in accordance with the Settlement Manager's instructions in proportions agreed via the off-Platform bookbuilding process.

Settlement of the allocation phase will occur in the following scenarios:

(i) **Initial subscriber to the DN Notes is a Direct Participant** (i.e. the relevant investor is a Direct Participant or has instructed the Settlement Manager to settle the allocation amount of Platform Beneficial Interests in the DN Notes with a custodian that is a Direct Participant): via an on-Platform delivery-versus-payment settlement involving bilateral transfers from the Settlement Manager's Digital Token Account to the Direct Participant's Digital Token Account against the transfer of Settlement Tokens on the Platform (i.e. the Settlement Tokens are operationally updated in the name of the recipient Direct Participant), which in turn results in a transfer of a corresponding amount of fiat cash off-Platform. Such investor may subsequently choose to hold the DN Notes through the CMUP by effecting a free of payment transfer of Platform Beneficial Interests to the CMU-DSI Digital Token Account, where corresponding CMUP Beneficial Interests will be reflected in such investor's CMU securities account on the CMUP.

(ii) **Initial subscriber to the DN Notes is not a Direct Participant** (i.e. the relevant investor is a non-Direct Participant or has appointed a non-Direct Participant as its custodian): the Settlement Manager on the Platform transfers the relevant allocation amount of Platform Beneficial Interests in the DN Notes free of payment from its appointed Direct Participant's Digital Token Account to the CMU-DSI Digital Token Account as an intermediary, resulting in a credit of the corresponding CMUP Beneficial Interests in the DN Notes in the Settlement Manager's CMU securities account on the CMUP. The Settlement Manager transfers the relevant allocation amount of the CMUP Beneficial Interests in the DN Notes to the relevant initial subscriber(s) CMU securities account(s) on the CMUP via a delivery versus payment transfer.

Each Accountholder (except the CMU-DSI) should ensure that their subscription moneys are in their Cash Account and the Settlement Manager will send matching instructions to the Platform. To effect settlement, the subscription moneys in each Accountholder (except the CMU-DSI)'s Cash Account will be transferred to the DLT Platform Operator's Cash Account and the DLT Platform Operator will deploy a Settlement Token on-Platform to facilitate the delivery-versus-payment settlement of the Digital Bond Tokens and Settlement Tokens between the Settlement Manager and the Accountholders (except the CMU-DSI). The Settlement Tokens represent a monetary entitlement by the Settlement Manager against the DLT Platform Operator, whereupon the subscription moneys will be released to the Settlement Manager.

CMUP BENEFICIAL INTERESTS IN THE DN NOTES HELD THROUGH THE CMU-DSI

Where an investor holds CMUP Beneficial Interests in the DN Notes on CMUP through the CMU-DSI, the CMU will provide a central depositary service for the safe custody and electronic trading between the members of such beneficial interests in or rights to any DN Notes. Membership of the CMU is open to all financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual which can be found on its website at https://www.cmu.org.hk/en/reference-materials. Any content on such website is not a part of, nor incorporated by reference into, this Supplemental Offering Circular. The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds to such investor via the CMUP.

SECONDARY TRADING

So long as the DN Notes are outstanding, an Accountholder or investor, as applicable, will be able to trade its beneficial interests in the DN Notes only through OTC trading and, in the case of an investor who is not an Accountholder holding beneficial interests in the DN Notes, where it has custody or intermediary arrangements in place (whether directly or indirectly) with an Accountholder. An Accountholder may hold the relevant Platform Beneficial Interests in the DN Notes on the Platform as a custodian or intermediary for an investor. Each Accountholder's Platform Beneficial Interests in the DN Notes will be reflected on the Platform as the total balance of the relevant Digital Token Account(s) of such Accountholder. Records of the individual beneficial interests in the DN Notes of an investor that is not a Direct Participant will be maintained off-Platform in accordance with its custody or intermediary arrangement with the relevant Direct Participant or in the case where the Accountholder is CMU-DSI, such investor's CMUP Beneficial Interests will be maintained in accordance with the relevant procedures of the CMU.

An investor holding beneficial interests in the DN Notes outside CMUP through a Direct Participant or CMUP Beneficial Interests holder must look to its custody or intermediary arrangements in place (whether directly or indirectly) with a Direct Participant or CMUP Beneficial Interests holder to carry out any settlement of transfers. An investor holding further beneficial interests down the chain must look to its custodian or intermediary to carry out any settlement of transfers.

REDEMPTION

For the final redemption upon maturity of the DN Notes, the Issuer will transfer fiat cash in the amount equal to the Aggregate Nominal Amount of the DN Notes to the cash account of the Principal Paying Agent off-Platform, who will thereafter transfer such amount off-Platform to the DLT Platform Operator's Cash Account. The DLT Platform Operator will send the allocation instructions to onward transfer the redemption money from its Cash Account to the Cash Accounts of Direct Participants based on their respective holdings of Platform

Beneficial Interests in the DN Notes as per the Platform Beneficial Interest Record, while the holders of CMUP Beneficial Interests will be paid according to the procedures of CMU. Upon such payment, the Digital Bond Tokens will be marked as "redeemed" on the Platform and the status of the Issuance Token will be changed to "redeemed". Investors holding beneficial interests in the DN Notes who are not Direct Participants or CMUP Beneficial Interests holders must look to the respective Direct Participants, CMUP Beneficial Interests holders or intermediary or custodian for payment of the redemption moneys.

For early redemption of the DN Notes in full in accordance with the Conditions, similar on-Platform processes and payment flow will apply as with redemption on maturity (or otherwise provided by the Platform Related Documentation), provided that prior notice is given to the DLT Platform Operator and disseminated to the Direct Participants and CMUP Beneficial Interests holders in accordance with Platform Related Documentation and procedures of CMU.

THE BANK GROUP

The section titled "The Bank Group" of the Offering Circular shall be supplemented with the following.

2024 Interim Financial Statements

The Bank has published its interim financial statements as at and for the half-year ended 30 June 2024 on 9 August 2024, which are available for review at the following hyperlink: https://www.hsbc.com.hk/legal/regulatory-disclosures. Such interim financial statements are incorporated by reference in the Offering Circular.

The following commentary compares the Bank Group's financial performance for the half-year ended 30 June 2024 with the half-year ended 30 June 2023 unless otherwise stated.

The Bank Group reported profit before tax of HK$82,068 million, a decrease of HK$1,142 million, or 1 per cent.

Net interest income decreased by HK$7,542 million, or 11 per cent. Excluding the unfavourable foreign exchange impact, net interest income decreased by HK$6,696 million, or 10 per cent., due to a reduced net interest margin and lower average interest earning assets. This also includes the impact of the cost of funding used to fund trading and fair value net assets and the impact of foreign exchange swaps in Markets Treasury, where an offsetting income or loss is recorded in trading and fair value income. The funding costs associated with generating trading and fair value income increased, reflecting higher interest rates and growth in net trading and fair value assets. In Hong Kong, the lower net interest margin was driven by higher funding cost of liabilities from the impact of deposit mix, partly offset by the rise in the yield on average interest earning assets including financial investments and customer advances.

Net fee income increased by HK$996 million, or 5 per cent. Excluding the unfavourable foreign exchange impact, net fee income increased by HK$1,283 million, or 6 per cent., primarily in Hong Kong from unit trust income as improved market sentiment resulted in higher sales volumes, and to a lesser extent from higher insurance agency commission income.

Net income from financial instruments measured at fair value through profit or loss decreased by HK$4,267 million, or 7 per cent. Net income from assets and liabilities of insurance business, including related derivatives, measured at fair value through profit or loss decreased by HK$13,563 million, or 50 per cent. primarily in Hong Kong reflecting lower fair value gains on financial assets measured at fair value through profit or loss which back insurance and investment contracts due to market impacts. There is an offsetting impact within the associated insurance liability accounting reported in 'Insurance finance income/(expense)'. Net income from financial instruments held for trading or managed on a fair value basis increased by HK$9,735 million, or 26 per cent., principally in Hong Kong from higher gains on derivatives and net interest income mainly benefiting from higher interest rates. The cost of funding used to fund trading and fair value net assets and the impact of foreign exchange swaps in Markets Treasury is included in net interest income.

Insurance finance expense decreased by HK$13,312 million, or 50 per cent., offsetting gains reported on underlying assets held to support insurance contract liabilities.

Insurance service result increased by HK$989 million, or 32 per cent., mainly reflecting increases to the release of contractual service margin ("**CSM**") as a result of a higher closing CSM balance primarily from new business written.

Other operating income decreased by HK$494 million, or 18 per cent., mainly driven by losses from reinsurance contracts in Hong Kong.

Change in expected credit losses ("**ECL**") and other credit impairment charges decreased by HK$16 million, or was broadly flat. The charge reflects ECL in Singapore, mainland China and Hong Kong, mainly in the commercial real estate sector.

Total operating expenses increased by HK$3,646 million, or 7 per cent. Excluding the favourable foreign exchange impact, operating expenses increased by HK$4,256 million, or 8 per cent., primarily reflecting our continued investment in technology to support business growth. Employee compensation and benefits also increased, mainly from higher performance-related pay.

Share of profit in associates and joint ventures decreased by HK$552 million, or 5 per cent. Excluding the unfavourable foreign exchange impact, share of profit in associates and joint ventures decreased by HK$123 million or 1 per cent., as a result of lower net profits from Bank of Communications Co., Ltd. driven by lower net interest income and net fee income.

CAPITALISATION

The section titled "Capitalisation" of the Offering Circular shall be deleted in its entirety and replaced with the following.

The following table sets forth the Bank Group's capitalisation and indebtedness as at 30 June 2024, on an actual basis and on an adjusted basis after giving effect to the issuance of the DN Notes prior to deducting the commissions and other estimated expenses payable by the Bank Group in connection with the offering of the DN Notes. For additional information, see the Bank Group's interim financial statements as at and for the half-year ended 30 June 2024 and notes thereto incorporated by reference into the Offering Circular.

This table should be read in conjunction with the interim financial statements of the Bank Group as at and for the half-year ended 30 June 2024 and related notes thereto incorporated by reference into the Offering Circular.

	At 30 June 2024 Actual	**At 30 June 2024 As Adjusted**
	(unaudited)	*(unaudited)*
	(HK$ in millions)	*(HK$ in millions)*
DN Notes to be issued	-	1,000
Total liabilities	**9,780,195**	**9,781,195**
Equity		
Share capital	180,181	180,181
Other equity instruments	52,422	52,422
Other reserves	104,421	104,421
Retained earnings	474,253	474,253
Total shareholders' equity	811,277	811,277
Non-controlling interests	58,617	58,617
Total equity	**869,894**	**869,894**
Total capitalisation and indebtedness[1]	**10,650,089**	**10,651,089**

1 Total capitalisation and indebtedness equals the sum of total liabilities and total equity.

Unless otherwise disclosed in the Offering Circular and this Supplemental Offering Circular, there has not been any material adverse change in the Bank Group's capitalisation and indebtedness since 30 June 2024.

TAXATION

The following paragraph shall be inserted into between paragraphs 1.4 and 1.5 under the section entitled "Taxation – Hong Kong – Profits Tax" of the Offering Circular.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong)accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters. Investors are advised to consult their own advisors to ascertain the applicability of any relief to their tax positions.

SUBSCRIPTION AND SALE

The section titled "Subscription and Sale" of the Offering Circular shall be supplemented by the following.

SUMMARY OF SUBSCRIPTION AGREEMENT

Subject to the terms and on the conditions contained in a subscription agreement dated 24 September 2024 (the "**Subscription Agreement**") between the Issuer and the Joint Lead Managers, the Issuer has agreed to sell Notes to the Joint Lead Managers, who has agreed, on a several and not joint basis, to subscribe and pay for, or to procure subscribers to subscribe for, the DN Notes in the nominal amount indicated in the following table.

Name	**Nominal amount of the DN Notes to be subscribed** *(HK$)*
The Hongkong and Shanghai Banking Corporation Limited	1,000,000,000
Agricultural Bank of China Limited Hong Kong Branch	0
Bank of China Limited	0
Bank of Communications Co., Ltd. Hong Kong Branch	0
China Construction Bank (Asia) Corporation Limited	0
Industrial and Commercial Bank of China (Asia) Limited	0
Total	**1,000,000,000**

The Issuer will pay the Joint Lead Managers a commission as agreed between them in respect of DN Notes subscribed by it. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the DN Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate any agreement that it makes to subscribe DN Notes in certain circumstances prior to payment for such DN Notes being made to the Issuer.

The Joint Lead Managers and certain of their respective affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers and certain of their respective affiliates may place orders for, purchase and be allocated DN Notes for asset management and/or proprietary purposes and not with a view to distribution (and such order, purchase and allocation may represent a substantial or significant portion of the total orders or total amount of DN Notes issued). The Joint Lead Managers or certain of their respective affiliates may also enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the DN Notes and/or other securities of the Issuer at the same time as the offer and sale of the DN Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the DN Notes to which this Supplemental Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the DN Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or their respective affiliate on behalf of the Issuer in such jurisdiction.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of The Hong Kong SFC Code of Conduct – Important Notice To CMIs (Including Private Banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). The Sole Global Coordinator is also acting as an OC for this offering and is subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders (where applicable) of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the DN Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Supplemental Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the DN Notes (except for omnibus orders where underlying investor information may need to be provided to the OC when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the DN Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the DN Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the Joint Lead Managers (if applicable) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: hk_syndicate_omnibus@hsbc.com.hk.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OC; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OC. By submitting an order and providing such information to the OC, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OC and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with its obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Joint Lead Managers with such evidence within the timeline requested.

GENERAL INFORMATION

Paragraphs 3 and 9, respectively, of "General Information" in the Offering Circular shall be deleted in its entirety and replaced with the following.

CLEARING AND SETTLEMENT SYSTEM AND THE PLATFORM

The DN Notes have been accepted for clearance through the CMU under CMU Instrument Number ORNHKB24005. The ISIN of the DN Notes is HK0001058715. The DLT Platform Operator will operate the Platform, which will serve as an extension of the CMU, for the DN Notes (and in particular for, including but not limited to, the recording and updating of the Issuance Token Record Account and, while the DN Notes are in dematerialised registered form and the Platform Beneficial Interests are held through the Platform, the recording of the issuance, settlement, transfer, redemption and cancellation of the beneficial interests in the DN Notes). The DN Notes will be issued in dematerialised registered form and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein; (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator; and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as noted in (ii) above, will be the HKMA as operator of the CMU), as the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for entry in the Register for the purpose of the issuance of the DN Notes. The Issuer shall procure the Registrar to maintain the Register in accordance with the Conditions. The Register is the definitive record of legal title to the DN Notes.

DOCUMENTS AVAILABLE FOR INSPECTION

For so long as the DN Notes remain outstanding, copies of the following documents will be available in physical/electronic form, at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by a Noteholder following prior written request and with proof of holding and identity satisfactory to the Fiscal Agent at the office of the Fiscal Agent (subject, in the case of all the documents listed below other than the DNN Agency Agreement, to the Fiscal Agent having first been provided with copies of the same by the Issuer):

- the DNN Deed of Covenant;
- the DNN Agency Agreement;
- the Offering Circular together with this Supplemental Offering Circular and any further amendments and supplements thereto (if any) with regard to the DN Notes and the Pricing Supplement; and
- the documents incorporated by reference into the Offering Circular.

For the avoidance of doubt, the CMU Reference Manual and the Platform Related Documentation are not incorporated by reference into nor do they form a part of the Offering Circular or this Supplemental Offering Circular.

NO SIGNIFICANT CHANGE

Except as disclosed in the Offering Circular and this Supplemental Offering Circular, there has been no significant change in the financial or trading position of the Bank Group since 30 June 2024.

ISSUER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

SOLE GLOBAL COORDINATOR, SOLE BOOKRUNNER AND JOINT LEAD MANAGER

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

JOINT LEAD MANAGERS

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

Agricultural Bank of China Limited Hong Kong Branch
25/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Bank of China Limited
7/F Bank of China Tower
1 Garden Road, Central
Hong Kong

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road
Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
28/F, ICBC Tower
3 Garden Road
Central
Hong Kong

PLATFORM PROVIDER TO THE CMU AS DLT PLATFORM OPERATOR

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

FISCAL AGENT, PRINCIPAL PAYING AGENT AND REGISTRAR

The Hongkong and Shanghai Banking Corporation Limited
Level 26, HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

To the Issuer as to English Law and Hong Kong law

To the Joint Lead Managers as to English Law and Hong Kong law

Clifford Chance
27th Floor, Jardine House
One Connaught Place Central
Hong Kong

Linklaters
11th Floor, Alexandra House
Chater Road
Central
Hong Kong

To the Agents as to English Law and Hong Kong law

Linklaters
11th Floor, Alexandra House
Chater Road
Central
Hong Kong

To the Platform Provider as to English Law and Hong Kong law

Ashurst Hong Kong
43rd Floor, Jardine House
1 Connaught Place
Central
Hong Kong

APPENDIX 3 – THE PRICING SUPPLEMENT DATED 24 SEPTEMBER 2024 IN RELATION TO THE DN NOTES

THE DN NOTES TO WHICH THIS PRICING SUPPLEMENT RELATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Pricing Supplement dated 24 September 2024

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

as Issuer

(the "**Issuer**")

U.S.$20,000,000,000

Medium Term Note Programme

(the "**Programme**")

Issue of

HK$1,000,000,000 3.60 per cent. Digitally Native Notes due 2025

(the "**DN Notes**")

This document constitutes the Pricing Supplement relating to the issue of DN Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the DN Notes set forth in the supplemental offering circular dated 24 September 2024 in relation to the issue of the DN Notes (the "**Supplemental Offering Circular**") which amends and supplements the offering circular dated 15 March 2024 in relation to the Programme (the "**Programme Offering Circular**", and as supplemented by the Supplemental Offering Circular, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the DN Notes and must be read in conjunction with such Offering Circular.

This Pricing Supplement is for distribution to "**Professional Investors**" (as defined in Chapter 37 of the Rules Governing of Listing Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the DN Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis. Accordingly, the Issuer confirms that the DN Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the DN Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the DN Notes, or the Issuer or its subsidiaries (the Issuer and its subsidiaries together, the "Bank Group"), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Issuer and the Bank Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 (as modified or amended from time to time, the "**SFA**") and the Securities and Futures Act (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the DN Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of DN Notes, prospective investors should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors*" appearing on pages iv to v of the Supplemental Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)*" appearing on pages 69 to 70 of the Supplemental Offering Circular.

1	(i) Issuer:	The Hongkong and Shanghai Banking Corporation Limited, acting through its principal office in Hong Kong
	(ii) Specified Branch:	Not Applicable
	(iii) Guarantor:	Not Applicable
2	(i) Series Number	25517/2024
	(ii) Tranche Number:	001
	(iii) Date on which the DN Notes will be consolidated and form a single Series:	Not applicable
3	Currency or Currencies: (Condition 1.3)	Hong Kong dollars
4	Aggregate Nominal Amount:	HK$1,000,000,000
	(i) Series:	HK$1,000,000,000
	(ii) Tranche:	HK$1,000,000,000
5	(i) Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	Approximately HK$998,000,000
6	Issued as Units:	Not Applicable
7	Specified Denomination(s) (Condition 1.2):	HK$1,000,000 and integral multiples of HK$500,000 in excess thereof
8	Calculation Amount:	HK$500,000
9	(i) Issue Date:	26 September 2024

	(ii) Interest Commencement Date(if different from the Issue Date): (Condition 4.1)	Issue Date
10	Maturity Date: (Condition 5.1)	Interest Payment Date falling on or nearest to 26 September 2025
11	Interest Basis: (Condition 4)	3.60 per cent. Fixed Rate
12	Redemption/Payment Basis:	Redemption at par
13	Change of Interest or Redemption/Payment Basis:	Not Applicable
14	Put/Call Options:	Early Redemption for Taxation Reasons (Condition 5.2) and Early Redemption for Reasons of Force Majeure (Condition 5.3)
15	Date of approval for issuance of DN Notes obtained:	31 August 2023
16	Listing:	Hong Kong Stock Exchange. Such listing is expected to become effective on 27 September 2024.
17	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18	**Fixed Rate Note Provisions**	Applicable
	(i) Interest Rate: (Condition 4.4)	3.60 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s): (Condition 4.4)	26 March and 26 September in each year, commencing on 26 March 2025 up to and including the Maturity Date, adjusted in accordance with the Modified Following Business Day Convention as set out in Condition 4.4.
	(iii) Fixed Coupon Amount:	Each Fixed Coupon Amount shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest HK$0.01, with anything less than HK$0.01 being rounded down.
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction: (Condition 4.4)	Actual/365 (Fixed)
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
19	**Floating Rate Note Provisions**	Not Applicable
20	**Zero Coupon Note Provisions**	Not Applicable
21	**Equity-Linked Interest Note Provisions**	Not Applicable
22	**Fund-Linked Interest Note Provisions**	Not Applicable

23	**Index-Linked Interest Note Provisions**	Not Applicable
24	**Dual Currency Interest Note Provisions**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

25	**Call Option:**	Not Applicable
26	**Put Option:**	Not Applicable
27	**Maturity Redemption Amount** (Condition 5.1)	HK$500,000 per Calculation Amount
28	**Early Redemption for Taxation Reasons** (Condition 5.2)	
	(i) Early Redemption Amount (Tax):	HK$500,000 per Calculation Amount
	(ii) Date after which changes in law, etc. entitle Issuer to redeem:	24 September 2024
29	**Early Redemption for reasons of Force Majeure** (Condition 5.3)	Applicable
30	**Other Redemption Provisions:**	Not Applicable
31	**Events of Default** (Condition 6.1(a))	
	(i) Early Termination Amount:	HK$500,000 per Calculation Amount
	(ii) Any additional (or modifications to) Events of Default:	Not Applicable
32	**Winding-up of the Issuer** (Condition 6.2)	
	Early Redemption Amount:	HK$500,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE DN NOTES

33	**Form of Notes:** (Condition 1.1)	
	Digitally Native Notes:	The DN Notes will be issued in dematerialised registered form in the Currency and the Aggregate Nominal Amount specified herein and shall be validly issued when (i) the DNN Deed of Covenant has been duly executed and delivered in accordance with the provisions therein, (ii) the Aggregate Nominal Amount of the DN Notes has been initially recorded on-Platform in the Issuance Token Record Account (opened in the name of the HKMA as operator of the CMU) in accordance with the Platform Related Documentation and the relevant procedures of the DLT Platform Operator, and (iii) following completion of (i) and (ii), the Registrar, at the instruction of the Issuer, enters in the Register the person in whose name the Issuance Token Record Account is recorded (which, as per (ii) above will be the HKMA as operator of the CMU), as

		the sole legal title holder to the Aggregate Nominal Amount of the DN Notes. The recording of the Aggregate Nominal Amount of the DN Notes in the Issuance Token Record Account will, therefore, serve as the definitive data source for completing the Register for the purpose of the issuance of the DN Notes. Capitalised terms in this paragraph 33 shall have the meanings given to them in the Terms and Conditions of the DN Notes.
34	Type of Note:	Digitally Native Notes
35	Relevant Financial Centre Day(s) or other special provisions relating to Payments: (Condition 8.4)	Hong Kong
36	Unmatured Coupons missing upon Early Redemption:	Not Applicable
37	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
38	Details relating to partly paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
39	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
40	Additional payment provisions:	Not Applicable
41	Reference Asset Components:	Not Applicable
42	Other terms or special conditions:	The Terms and Conditions set forth in the Supplemental Offering Circular as amended and supplemented by this Pricing Supplement apply to the DN Notes and the terms and conditions set out in the Programme Offering Circular do not apply to the DN Notes

DISTRIBUTION

43	If syndicated, name of Managers:	The Hongkong and Shanghai Banking Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited

44	If non-syndicated, name of Relevant Dealer:	Not Applicable
45	Selling Restrictions:	As more fully described in the Offering Circular
	United States:	Category 2
	Other:	Not Applicable
46	Stabilisation Institution:	The Hongkong and Shanghai Banking Corporation Limited
47	Additional U.S. federal income tax considerations:	Not Applicable
48	**PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT**	
	(i) Rebates:	Not Applicable
	(ii) Contact email address of the Overall Coordinator where underlying investor information in relation to omnibus orders should be sent:	Hk_syndicate_omnibus@hsbc.com.hk
	(iii) Marketing and Investor Targeting Strategy:	As indicated in the Supplemental Offering Circular

OPERATIONAL INFORMATION

49	LEI:	2HI3YI5320L3RW6NJ957
50	ISIN Code:	HK0001058715
51	Common Code:	Not Applicable
52	Clearing System(s):	The DN Notes will be cleared and settled through the CMU as the Central Securities Depositary and DLT Platform Operator
53	Common Depositary/Lodging Agent:	Not Applicable
54	CMU Instrument Number:	ORNHKB24005
55	DLT Platform Operator:	CMU
56	DLT Platform Name:	HSBC Orion[1]
57	DLT Platform Type:	Canton / Hyperledger Fabric
58	Settlement Procedures:	See the section entitled "*Overview of the Platform and Clearing, Settlement and Operational Information*" in the Supplemental Offering Circular
59	Delivery:	Delivery versus Payment
60	Additional Paying Agent(s) (if any):	Not Applicable

[1] HSBC Orion refers to the distributed ledger technology platform deployed by The Hongkong and Shanghai Banking Corporation Limited to CMU as the DLT Platform Operator for the purposes of, among other things, creating and settling the DN Notes.

61	The Agents appointed in respect of the DN Notes:	The Hongkong and Shanghai Banking Corporation Limited as the Fiscal Agent, the Principal Paying Agent and the Registrar
62	Calculation Agent:	As may be appointed by the Issuer under Condition 5.3, provided that none of the Fiscal Agent, the Principal Paying Agent or the Registrar shall be appointed and acting as the Calculation Agent

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of DN Notes described herein pursuant to the U.S.$20,000,000,000 Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

By: (S.D.) _____

Duly authorised